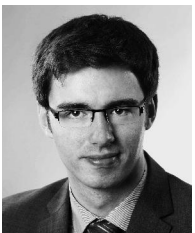




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## MILITARY BUILD-UP DYNAMICS AND CONFLICT MANAGEMENT IN EAST AND SOUTHEAST ASIA

*Peter Hefele / Johanna Tensi / Benjamin Barth*

The greater region of East and Southeast Asia is not only the region with the highest rate of economic growth worldwide. The majority of the region's states have also been increasing the spending on their military forces at above-average rates for years. New, ambitious defence programmes are being set up, national military doctrines are being revised. Are the economic upturn and the increasing national self-confidence in East and Southeast Asia now also manifesting in an increasing military build-up? Can these dynamics be mitigated through better regional cooperation? Or is this up-and-coming region of the world taking perhaps the same fatal route Europe took in the run-up to the First World War?

### THE MILITARY RISE OF EAST AND SOUTHEAST ASIA

Since the 1990s, there has been a noticeable increase in military expenditure in East and Southeast Asia that is far above the global average.<sup>1</sup> According to data from the Stockholm International Peace Research Institute (SIPRI),<sup>2</sup> expenditures multiplied by a factor of two and a half be-

- 1 | While expenditure for classic armed forces and external defence is currently under particular scrutiny, one must bear in mind that it is often difficult to draw a clear line between these forces and the other national (public and private) security bodies, whose tasks are directed inwards. The deployment areas often overlap. As the example of China shows, expenditure for internal security has risen even more sharply than that for external defence.
- 2 | Own calculations based on the SIPRI Military Expenditure Database, Stockholm International Peace Research Institute (SIPRI), 2011, <http://milexdata.sipri.org> (accessed 13 Mar 2012); in constant 2009 prices. Cf. Table 1.

tween 1990 and 2010, while defence budgets in Europe, for instance, currently only amount to two thirds of the sums spent at the end of the Cold War. The countries in East and Southeast Asia currently account for around 25 per cent of worldwide military expenditure, compared to only around ten per cent back in 1990. One point to bear in mind in this context, however, is that as a proportion of the respective gross domestic product (GDP) the defence budgets have not increased and in most cases still lie clearly below the expenditure of countries such as the USA. But due to the rapid increase in wealth, absolute expenditure has risen drastically in some cases.

Table 1

**Worldwide military expenditure by region/country as a proportion of GDP (1990-2010)**

|             | in million<br>U.S. dollar | world<br>share<br>in % | GDP<br>share<br>in % | in million<br>U.S. dollar | world<br>share<br>in % | GDP<br>share<br>in % | in million<br>U.S. dollar | world<br>share<br>in % | GDP<br>share<br>in % |
|-------------|---------------------------|------------------------|----------------------|---------------------------|------------------------|----------------------|---------------------------|------------------------|----------------------|
|             | 1990                      |                        |                      | 2000                      |                        |                      | 2010                      |                        |                      |
| USA         | 502,749                   | 38                     | 5.3                  | 375,893                   | 37                     | 3.1                  | 687,105                   | 44                     | 4.7                  |
| Europe      | 569,935                   | 43                     | 4.1                  | 334,445                   | 33                     | 2.0                  | 375,984                   | 24                     | 2.0                  |
| Asia        | 117,499                   | 9                      | 1.6                  | 148,761                   | 15                     | 1.6                  | 267,877                   | 17                     | 1.8                  |
| • East      | 76,159                    | 6                      | 1.2                  | 100,135                   | 10                     | 1.3                  | 190,037                   | 12                     | 1.6                  |
| • Southeast | 22,032                    | 2                      | 0.2                  | 20,162                    | 2                      | 0.1                  | 34,013                    | 2                      | 0.1                  |
| • South     | 19,308                    | 1                      | 3.2                  | 27,982                    | 3                      | 3.1                  | 42,600                    | 3                      | 2.7                  |
| Other       | 126,781                   | 10                     |                      | 154,675                   | 15                     |                      | 219,460                   | 14                     |                      |
| World       | 1,434,464                 | 100                    |                      | 1,162,052                 | 100                    |                      | 1,817,077                 | 100                    |                      |

Source: Own calculations based on the SIPRI Military Expenditure Database, n. 2.

The majority of the states are coastal or island states. Accordingly, a large part of the modernisation measures go towards upgrading the coastal and maritime armed forces ("green" and "blue water navy"). This is because protecting the country's own coastline and zones of influence, securing a sufficiently large sphere of operation and safeguarding its trade routes and resources are among the national core interests. In addition, considerable amounts

of money flow into the development of modern command, communication and reconnaissance structures. One area of increase is in the training of special forces, who track a course dictated by the altering threat analyses and can also be deployed worldwide. On the other hand, increases in expenditures for the land forces, which tied up the majority of the resources until the end of the Cold War in Asia as well, have been below average. Where these are being modernised, they are not so much directed against armed transnational aggressors, but rather often (also) used to combat (potential) internal conflicts. These shifts reflect a radical change in the military doctrines, which had remained largely unaltered for decades in some cases. The military and the defence industry conglomerates have remained consistently influential whatever the respective state system (communist one-party rule, monarchy, parliamentary democracy), exerting considerable influence on foreign and defence policies (but also on economic policy).

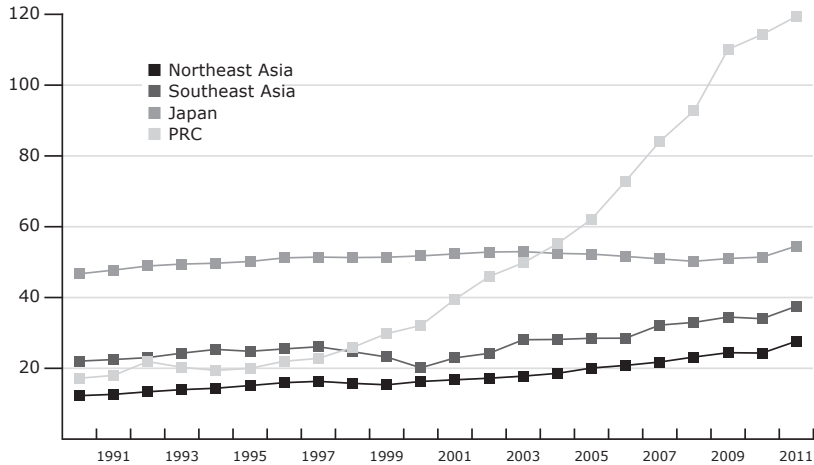
With the end of the Cold War, there have been clear changes in the threats as perceived by the various actors. Land war scenarios – such as a war between the People’s Republic of China (PRC) and Russia or between the

**Protection against attacks on lifelines, generally sea routes, and defence against asymmetrical threats figure large in national security doctrines.**

PRC and Vietnam – are thus currently very unlikely. Instead, protection against attacks on lifelines, generally sea routes, and defence against non-traditional, often asymmetrical threats (piracy, terrorism) figure large in national security doctrines. There has also been a partial redefinition of the respective core interests, which mainly relate to exclusive access to economically significant offshore areas and territorial integrity (separatism). Over the last few years, a new dynamic has arisen due to the fact that new actors are “projecting” their strategic interests “into” the Southeast Asian region, such as India and Australia. Be that as it may, the motives for the respective defence programmes are complex.

Fig. 1

**Military expenditure in Asia 1990–2010**  
in billion U.S. dollars



Source: Own calculations based on the SIPRI Military Expenditure Database, n. 2.

### ARMS RACE IN SOUTHEAST ASIA?

Observers have seen a constant increase in military expenditure in Southeast Asia (Fig. 1) over the last decade. The focus is on modernisation of the naval forces to secure the respective waters, as well as shipping. Besides combating pirates and containing maritime terrorism, a number of countries are pressing ahead with a military build-up because of the conflicts relating to the territorial disputes in the South China Sea. Although there have been repeated differences of opinion among the Southeast Asian states regarding the drawing of boundaries, it is the conflicts between China and the individual ASEAN states that represent the driving force.

The South China Sea and the Spratly and Paracel Islands in particular are of strategic importance to all neighbouring states, partly because of their presumed rich oil and gas reserves. The borders in the waters between the adjacent

states of China, Taiwan,<sup>3</sup> Vietnam, Malaysia, Indonesia, Brunei and the Philippines have actually never been conclusively defined. Neither have international agreements, such as the United Nations Convention of the Law of the Sea of 1994 or the Declaration of Conduct of Parties in the South China Sea of 2002, ultimately been able to solve the conflict.

**The Spratly and Paracel Islands are a strategically important area. Occupying the islands would mean being better able to safeguard one's own imports and exports.**

The fact is that important shipping routes cross the South China Sea, which link the Indian Ocean with the Pacific and over which approx. 50 per cent of the goods traded internationally are transported each year.<sup>4</sup> The Spratly and Paracel Islands lie at the centre of the North-South and East-West trade routes and are therefore a strategically important area. Occupying the islands would therefore also mean being better able to safeguard one's own imports and exports. As 90 per cent of Chinese exports are transported by sea<sup>5</sup> and 80 per cent of Chinese oil imports and approx. 75 per cent of the oil imports of Taiwan, Japan and Korea are shipped via the South China Sea,<sup>6</sup> unimpeded passage through the South China Sea is the key to protecting important trade routes and to increasing the reliability of energy supplies for East Asia.

### **THE DEVELOPMENT OF MILITARY EXPENDITURE IN THE SOUTHEAST ASIAN STATES**

When one examines the regional military budgets of recent years, it seems obvious that the conflict relating to the South China Sea was an important trigger for the increases. But other factors independent of this issue play a role in all ASEAN states, such as internal conflicts, border disputes, for instance between Thailand and Cambodia, as

3 | The claims made by China and Taiwan in this conflict coincide, as the People's Republic and Taiwan as the Republic of China refer to their joint history. There are therefore currently no territorial disputes between Beijing and Taipei in the South China Sea.

4 | Nguyen Hong Thao and Ramses Amer, "A New Legal Arrangement for the South China Sea?", *Ocean Development & International Law*, 2009, 40:4, 333-349, here 334.

5 | *Ibid.*, 334.

6 | Frank Umbach, "Übersicht über die sicherheitspolitischen Herausforderungen in Ostasien", *Einsichten und Perspektiven*, Feb 2008.

well as the large influence exerted by the military and the defence industries.

No doubt the modernisation efforts of the smaller and medium-sized states of Southeast Asia come nowhere near the scale of the Chinese defence budget, but they have also risen clearly over recent years (Fig. 1). The states of Southeast Asia, whose economic prosperity depends partly on a flourishing seafaring trade and the exploitation of maritime resources, regard the protection of their own waters and coastlines as well as the safeguarding of their territorial integrity as important objectives. The military expenditure for the entire region of Southeast Asia nearly doubled between 2000 and 2011 from approx. 20.1 to approx. 37.5 billion U.S. dollars (from approx. 16 to approx. 29.8 million euros). By way of comparison: China's military expenditure for 2011 was 119.4 billion U.S. dollars (approx. 94.9 billion euros), in 2000 it was less than one third of that.<sup>7</sup>

**The military expenditure for the entire region of Southeast Asia tripled between 2000 and 2010 from approx. 20.1 to approx. 37.5 billion U.S. dollars.**

When one considers defence spending in Southeast Asia, Singapore has clearly stood out for years. In 2010, 8.3 billion U.S. dollars (approx. 6.25 billion euros)<sup>8</sup> were invested in the purchase of multiple launch rocket systems and F-15 jets from the USA, submarines, the latest armoured personnel carriers and 100 German Leopard-2 tanks. The motive for this modernisation lies in the country's strategic weakness, namely the small landmass and the lack of depth of the state territory as well as the comparatively small and increasingly aging population. The country enjoys a relatively high position in terms of economic and technological standards compared to wide parts of the region and this is perceived to be in need of protection.<sup>9</sup> In addition, Singapore is making strong and long-term investments in its navy.

7 | Cf. n. 2. The real expenditure of the Southeast Asian region is no doubt higher than this, but Myanmar and Laos as well as Cambodia did not provide any figures on their military spending.

8 | Ibid.

9 | Richard A. Bitzinger, "A New Arms Race? Explaining Recent Southeast Asian Military Acquisitions", *Contemporary Southeast Asia*, 2010, Vol. 32, No. 1, 50-69, here 51 and 55.

Thailand planned to spend 5.2 billion U.S. dollars (approx. 4 billion euros) on new military hardware in 2011. Previously the funds were mainly used to procure fighter jets, helicopters and submarines to safeguard the security of the

**While Malaysia has tended to curtail its military expenditure in recent years and spent 3.6 billion U.S. dollars in 2010, Indonesia increased its military budget to 7.2 billion U.S. dollars.**

Thai offshore oil and gas installations and to fight terrorism, piracy and the illegal arms trade.<sup>10</sup> While Malaysia has tended to curtail its military expenditure in recent years and spent 3.6 billion U.S. dollars (approx. 2.7 billion euros) in 2010, Indonesia increased its military budget to 7.2 billion U.S. dollars (approx. 5.4 billion euros) in 2010. In both countries the expenditure went mainly to the procurement of SU-30 fighter jets, submarines from Russia and armoured personnel carriers. Malaysia also invested in battle tanks from Poland and multiple launch rocket systems from Brazil. It is also important to these two countries to protect trade routes such as the Strait of Malacca and to secure the respective Exclusive Economic Zones.<sup>11</sup> China's conduct in the South China Sea, which is considered to be increasingly offensive, may have contributed to this military build-up.<sup>12</sup>

Vietnam, the Philippines and Brunei have the smallest military budgets of the entire region by far. Vietnam's official defence budget for 2010 was just 1.8 billion euros,<sup>13</sup>

10 | The National Institute for Defense Studies (ed.), "Chapter 5 Southeast Asia: The Reemergence of the South China Sea Issue", *East Asian Strategic Review*, 2011, 139-166, here 164 et seq.

11 | Cf. Declaration on the Conduct of Parties in the South China Sea, 27 Feb 2012, <http://www.aseansec.org/13163.htm> (accessed 12 Apr 2012). In 1982, the United Nations Law of the Sea Convention (UNCLOS) was adopted, which was intended to resolve border conflicts at sea and was signed and ratified by nearly all parties to the conflict. According to UNCLOS, the waters within a 200 nautical mile range belong to a country's EEZ. The EEZ can be extended to the edge of the continental shelf as long as this does not exceed a distance of 350 nautical miles from the coastline. The EEZ grants exclusive rights with respect to the exploration and exploitation of marine resources as well as a claim to the generation of energy from wind and waves. A country is only allowed to exploit the area beyond this 350 nautical mile limit, and only up to the edge of the continental shelf, with respect to minerals and non-living resources. The parties in the South China Sea do not accept the respective EEZs.

12 | Bitzinger, n. 9, 51 et sqq.

13 | Particularly in the case of Vietnam, one must bear in mind that a large part of the revenue is obtained via enterprises operated by the military.

while the budget of the Philippines was 1.2 billion euros. Brunei spent even less on defence (263.7 million euros); it does lay claim to some of the the Spratly Islands, but does not occupy any of the islands by military force.<sup>14</sup> Vietnam imports a large part of its military equipment from Russia and in 2009 alone purchased six diesel-electric submarines and 12 SU-30 fighter jets of Russian manufacture. Back in 2006 the Vietnamese Navy already comprised 27,000 naval infantry, 9,000 regulars and 3,000 conscripts. One can assume that in connection with the purchase of the Russian submarines naval personnel was further increased.<sup>15</sup> A Spanish aircraft carrier was added to the fleet in 1997, but it has only taken part in two manoeuvres to date due to excessively high maintenance costs. The Philippine Navy is considerably smaller and less modern. The fleet consists mainly of U.S. ships from the Second World War, which are not up to par in terms of modern weapons technology. The Philippine Navy does not own any submarines or aircraft carriers. However, the government intends to modernise the navy by procuring new ships from 2017 on.<sup>16</sup>

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## **THE AMBITIOUS MILITARY STRATEGY OF THE PEOPLE'S REPUBLIC OF CHINA**

The People's Republic of China is the source of the defence dynamics main momentum. Since the beginning of the 1990s, the People's Liberation Army has been conducting an ambitious programme to modernise the branches of its armed forces. The three modernisation objectives – the (technical) upgrading of all the branches of the armed forces, structural reforms and adjustment of the military doctrine – were embedded in the concept of the "new historic missions" (新的历史使命 / *xinde lishi shiming*) by President Hu Jintao in 2004. It comprises four subareas with the following prioritisation: maintaining the power of the

14 | John C. Baker and David G. Wiencek, *Cooperative Monitoring in the South China Sea – Satellite Imagery, Confidence-building measures and the Spratly Islands dispute*, Praeger Publishers, Westport, 2002, 20.

15 | "Vietnamese People's Navy", *GlobalSecurity.org*, <http://globalsecurity.org/military/world/vietnam/navy.htm> (accessed 5 Mar 2012).

16 | "Philippine Navy", *GlobalSecurity.org*, <http://globalsecurity.org/military/world/philippines/navy.htm> (accessed 4 Mar 2012).



Communist Party (CPC), safeguarding the country's economic development, protecting national interests at sea, in space and in cyberspace, as well as supporting global development and making contributions to a "harmonious world".

**China leaves other Asian states far behind. The official total military expenditure for 2011 was 119.4 billion U.S. dollars. This figure should only be considered the minimum of the actual expenditure.**

Since 1995 the annual growth of the Chinese military budget has averaged twelve per cent, leaving other Asian states far behind. The (official) total expenditure for 2011 was 119.4 billion U.S. dollars. However, due to extensive economic activities of the branches of the armed forces themselves, defence-related expenditure in other budgets (e.g. science and research) in addition to discrepancies in purchasing power, this figure should only be considered the minimum of the actual expenditure.

The military "revolution" of the U.S. armed forces since the 1980s has set the bar in this context, in terms of both technology and strategy, even though the country's own strategic traditions weren't abandoned altogether. The area where the build-up is most visible and which is currently viewed with extreme suspicion by the outside world is the navy. The People's Liberation Army Navy PLAN is to transform into a "blue-water" navy (蓝海海军 / *lanshui haijun*). This is because from the Chinese perspective the central strategic problem is to overcome the barrier of the "first and second island chains".<sup>17</sup> The PRC wants to have military control within the boundary of the first chain and be able to use "access denial" strategies to prevent the sea routes in the area possibly becoming blocked in the event of conflict. The measures are also intended to deter Taiwan from declaring independence. Reaching beyond the second island chain would enable China to present a massive challenge to the dominance of the USA in the West Pacific, while simultaneously facilitating the capability of its own navy to operate in other oceans as well.

17 | The first chain runs from an area south of Japan towards Taiwan and from the western coast of the Philippines through the South China Sea to the Vietnamese coast; the second chain is located in the Pacific and includes the Mariana Islands (with an important U.S. Air Force base on the largest island of Guam) and Micronesia. Cf. Fig. 2.

By replacing old battle ships and submarines with new modern models that have a greater range, China wishes to create a blue-water navy capable of winning battles on the high seas. Whether this process will be completed as early as 2020 according to plan remains to be seen. To achieve this objective, the Chinese Navy is strengthening its capabilities to fight off planes and submarines.

But in the short term, Beijing is continuing to focus mainly on defending its interests in the nearby waters of the East and South China Sea, i.e. the "green waters" (绿水 / lüshui).

**In addition to nuclear submarines, which can only be built at a rate of one every two years, China could have 35 to 40 ultra-modern conventional submarines available by 2020.**

The Air Force is to cooperate more closely with the Navy and make preparations for potential deployment on the high seas. The fleet of submarines, which is already the largest in the region, is to be upgraded to the state of the art to provide technological superiority over the neighbouring states. In addition to nuclear submarines, which can only be built at a rate of one every two years due to technical and economic restrictions, China could have 35 to 40 ultra-modern conventional submarines available by 2020. Further developments, such as the launch of the J-20 stealth fighter, the Dongfeng 21 D, a land-based mid-range ballistic rocket, and the sea trials of the country's first own aircraft carrier are indications of the new military potential of the Chinese armed forces.

The stationing of naval forces in the South China Sea focuses on the strategically well positioned Island of Hainan and the neighbouring provinces of Zhejiang und Guangdong. The disputed Paracel Archipelago lies at a distance of only some 300 kilometres, and the Spratly Islands at a distance of some 1,000 kilometres, from the newly built naval base in the deep-sea port of the town of Sanya in the south of Hainan. This is a good location for launching long-distance high-sea operations. It is also a place from which it is easier to safeguard the 2.9 million square kilometre area within the "9-dotted line" that the Chinese claim as their own.

Fig. 2  
**Disputed territorial claims in the South and East China Sea and West Pacific island chains**



The Chinese organisations that serve to protect maritime claims and therefore have to be included when considering the military build-up include the China Maritime Surveillance Administration (CMSA). Its purpose in supporting the navy includes activities “to safeguard the national maritime interests [and] to monitor and maintain surveillance of the marine environment”.<sup>18</sup> Besides the PLAN and the CMSA, there are four further institutions involved in enforcing maritime interests: the Chinese Maritime Police, the Maritime Safety Administration, the Fisheries Law Enforcement Command and Chinese Customs and Excise. Due to overlapping competences, these institutions vie for budget and equipment allocations.<sup>19</sup>

### **MILITARY BUILD-UP IN THE CONTEXT OF NEW FOREIGN AND DOMESTIC POLICIES OF THE PRC**

“National security” and “active defence” are central terms in Chinese military strategy. The paradigm of a “peaceful rise” (和平崛起 / *heping jueqi*)<sup>20</sup> rules out offensive wars or military action initiated by the PRC. The use of arms is only envisaged for the purpose of defending national sovereignty and the territory of the PRC. However, when considering territorial conflicts in Northeast and Southeast Asia, the observation must be made that the current definition of territorial claims might give rise to a “defence situation” that would justify a (pre-emptive) use of arms. Such an interpretation was last used during the Sino-Vietnam war in 1979, which was described as a “counter-attack for the purpose of self-defence”<sup>21</sup> by the

**The Chinese definition of territorial claims might give rise to a “defence situation” that would justify the use of arms. Currently the main objective is to prevent the secession of Taiwan.**

18 | Keyuan Zou, “China’s U-Shaped Line in the South China Sea Revisited”, *Ocean Development & International Law*, 2012, 43:1, 18-34, here 20. Cf. Fig. 2.

19 | Jonathan Holslag, “Chapter Four: Towards a New Asian Security Order?”, *Adelphi Series*, 2010, 50:416, 109-126, here 109; International Crisis Group (ICG) (ed.), “Stirring up the South China Sea (I)”, *Asia Report*, No. 223, 23 Apr 2012, <http://crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf> (accessed 6 May 2012).

20 | Cf. the white paper “China’s National Defense in 2010”, published by Xinhua, 31 Mar 2011, [http://news.xinhuanet.com/english2010/china/2011-03/31/c\\_13806851.htm](http://news.xinhuanet.com/english2010/china/2011-03/31/c_13806851.htm) (accessed 6 May 2012).

21 | Cf. self-portrayal of the Chinese armed forces: China Internet Information Center (CIIC), <http://german.china.org.cn/de-book/guofang/3.htm> (accessed 6 May 2012).

Chinese side. Currently the main objective of military strategy is to prevent the secession of Taiwan. For this reason, a considerable part of the modern weapons systems and the best trained units are assembled on the Chinese coast opposite Taiwan to serve as a military warning.

Besides safeguarding national unity, the military and defence strategy of the PRC is aimed at supporting stability within the country and facilitating growth within a global environment. This has caused the existing concept of security to be expanded in recent years. It is now

**From the Chinese perspective, international security is linked closely with domestic security, which includes the fight against "separatism".**

more comprehensive, has a greater outward orientation and includes the areas of the economy, culture, information, energy and the environment. From the Chinese perspective, international security is linked closely with domestic security, which includes the fight against "separatism". To do justice to this concept of security, military strategy has been redefined to be more expansive, particularly with regard to protecting national interests at sea. The Strait of Malacca is an area of particular importance in this context, since around 80 per cent of Chinese oil imports are transported across this region. Furthermore, as stressed in its own reports, the PLA has participated in numerous deployments of UN peacekeeping forces to contribute to a "harmonious world". These efforts form part of a "military diplomacy" intended to generate trust in the international community with respect to the rapid modernisation of the Chinese military. It is therefore now inaccurate to continue to speak of a passive defence strategy. Instead there is an active strategy, which might under certain circumstances permit offensive operations within regional conflicts. Areas of deployment will not necessarily be restricted to the territorial borders of the PRC.

Contrary to general opinion, there are different state bodies within the PRC deliberating over the formation and prioritisation of foreign and security policy,<sup>22</sup> which also determines military strategy. This is the reason Chinese foreign policy is more a product of the collaboration of a variety of actors, interests and initiatives rather than a coherently designed strategy that one might have expected. The

22 | Example of the conflict in the South China Sea: ICG, n. 19, 14 et sqq.

central power allows local initiatives, but retains control in all situations and has the capability of putting a stop to undesirable political developments in a top-down process.

This becomes apparent in the way nationalist-populist movements are dealt with. These voices keep calling for their own military to be strengthened, resulting in an increasing number of nationalist statements in Chinese media such as the *Global Times*, an English-language offshoot of the *People's Daily*, the official newspaper of the CPC, or in public statements of high-ranking officers of the People's Liberation Army. This would also represent a departure from the previous foreign policy principle

of relying on low-profile conduct followed by Deng Xiaoping.<sup>23</sup> China's foreign and security policy is defined by three core interests: first the stability of the political system, secondly defence of national sovereignty and territorial integrity and thirdly securing the conditions for the further development of the PRC. In this context, instruments of "soft power" (Joseph Nye)<sup>24</sup> have also lately been gaining in importance in Chinese discussions. Soft power is to be developed into a long-term strategy resulting in a positive perception of Chinese foreign and domestic policies in other countries. When viewed in this context, media and culture play important roles as political instruments. Consequently, the global presence of state-owned media companies, such as CCTV, is also being expanded massively.

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A peaceful development approach, which welcomes a multi-polar world and does not include any hegemonic aspirations, is stressed in two foreign policy white papers published in 2005 and 2011, which explain the "peaceful

23 | Deng Xiaoping condensed this into the following formula in 1989: keep a low profile and bide its time, while getting something accomplished (韬光养晦 / *tao guang yang hui*), never take the lead (绝不当头 / *jue bu dang tou*) and make some contributions (有所作为 / *you suo zuo wei*); for an interpretation of these maxims see also: Xiong Guangkai, "China's Diplomatic Strategy: Implication and Translation of 'Tao Guang Yang Hui'", <http://cpifa.org/en/q/listQuarterlyArticle.do?jsessionId=6417BA6022EF817C1B312F32172CA4F?quarterlyPageNum=18> (accessed 6 May 2012).

24 | The term "soft power" describes the exerting of political influence by means of cultural or ideological attractiveness. One significant characteristic of this is the avoidance of economic incentives or military threats.

development" of the PRC in greater detail.<sup>25</sup> The State Councillor responsible for foreign policy Dai Bingguo has also stressed the "principles" attributable to Deng Xiaoping once again in several statements. Efforts are being made at an official level to calm the neighbouring countries' fears of an aggressively postured China. The danger inherent in this approach is that these steps might occasionally be interpreted as psychological diversion tactics intended to avoid drawing attention to an actively pursued policy of expansion. In this context, President Hu Jintao caused some surprise with a statement he made at a conference of the Chinese Ambassadors in 2009, in which he contradicted the publicly advocated principles of a "harmonious world"

**1992, the PRC adopted a "Territorial Law", which virtually precluded territorial compromise. This exerts a considerable destabilising effect within a fragile Asian cooperation network.**

by demanding greater influence (影响力 / *yingxiangli*) for the PRC.<sup>26</sup> As early as 1992, the PRC adopted a "Territorial Law", which virtually precluded territorial compromise, as it declared the 9-dotted line (see above), for instance, as state territory that had to be defended.<sup>27</sup> This does not help to foster trust between the countries in Asia and fuels the spiral of military build-up, exerting a considerable destabilising effect within a fragile Asian cooperation network.

### JAPAN – GOOD-BYE TO SELF-RESTRAINT?

Japanese military strategy is characterised to a large extent by the country's defeat in the Second World War and the atom bombs dropped on Hiroshima and Nagasaki. According to Article 9 of the constitution, the Japanese military is, for instance, not permitted to declare war or to actively deploy military units in international conflicts. The

25 | The documents are available in English translation at: "China's Peaceful Development Road", China.org.cn, "White Paper on Peaceful Development Road Published", 22 Dec 2005, <http://china.org.cn/english/2005/Dec/152669.htm> (accessed 6 May 2012); "China's Peaceful Development", Sep 2011, [http://english.gov.cn/official/2011-09/06/content\\_1941354.htm](http://english.gov.cn/official/2011-09/06/content_1941354.htm) (accessed 6 May 2012).

26 | Cf. Geremie R. Barmé, "Everything in the World", *China Heritage Quarterly*, No. 19, Sep 2009, <http://chinaheritagequarterly.org/editorial.php?issue=019> (accessed 6 May 2012).

27 | Cf. Marvin Ott, "China's Ambitions in the South China Sea", *Asia Pacific Bulletin*, No. 71, 28 Sep 2010, [http://sais-jhu.edu/pressroom/pdf/marvin\\_ott.pdf](http://sais-jhu.edu/pressroom/pdf/marvin_ott.pdf) (accessed 6 Feb 2012) with further examples substantiating the sovereignty claims on the part of the PRC.

objective of the Japanese military is therefore to guarantee self-defence. This self-image of a pacifist society has been questioned recently by sections of the country's population, particularly among the young generation. Increasingly, there are voices demanding an offensive orientation of the Japanese armed forces. Essential reasons for this include a rise in nationalism in Japan and worries about the up-and-coming neighbour China. This was reflected at an institutional level in 2007, when the defence authority, which had been founded as the "National Safety Agency" in 1952, was upgraded to become a fully-fledged "Ministry of Defense".<sup>28</sup>

The "National Defense Program Guidelines"<sup>29</sup> approved in December 2010 determine Japan's military strategy for the next 10 years. It is still the case that Japan's military budget is restricted, not least due to the self-imposed rule to use only one per cent of GDP for this purpose.<sup>30</sup> But this does not prevent the country from gradually moving away from a purely defensive military strategy. Officially, strategic arrangements are justified as fear of a (nuclear) first strike by North Korea. But the plans allows the conclusion that Japan is also making preparations for a potential attack by China.<sup>31</sup> One clear indication for this is the fact that troops have been withdrawn from the north and are being stationed in the south of the country – a response to the modernisation of the Chinese military and intended to retain the capability of defending territories that Japan lays claim to (e.g. the Senkaku Islands).

**Officially, strategic arrangements are justified as fear of a first strike by North Korea. But the planning allows the conclusion that Japan is also making preparations for a potential attack by China.**

28 | Cf. Ministry of Defense, <http://www.mod.go.jp/e/about/history.html> (accessed 6 May 2012).

29 | The guidelines mainly contain the continuing obligation to develop a military purely focused on defence to guarantee the protection and security of the population. Cf. Security Council and the Cabinet, "National Defense Program Guide for FY 2011 and beyond", 17 Dec 2010, [http://www.mofa.go.jp/policy/security/pdfs/h23\\_ndpg\\_en.pdf](http://www.mofa.go.jp/policy/security/pdfs/h23_ndpg_en.pdf) (accessed 9 Apr 2012).

30 | This rule has been eased since December 2010. There is now a theoretical possibility of implementing an increase if there is a change in the security situation.

31 | Peter Sturm, "Stilles Wettrüsten. Die Sorgen in der asiatischen Region über Chinas Militärpolitik wachsen", *Frankfurter Allgemeine Zeitung*, 14 Jun 2011, 1.



In addition, Japan is modernising its troops. New battle tanks, an updated battle helicopter fleet and the purchase of new fighter aircraft of U.S. and UK manufacture are also intended as an effective response to the Chinese Air Force, which is modernising as well. These upgrading measures also include the procurement of naval hardware such as destroyers, transporters and landing craft.<sup>32</sup> Under the new Japanese Prime Minister Yoshihiko Noda, the prohibition of exporting arms and the associated technology, which had been in force for decades, was lifted.<sup>33</sup> This step was meant to guarantee the competitiveness of the Japanese defence industry. The Japanese industry had demanded this step for numerous years.

But the most significant break in military strategy is the reorientation of the Japanese space programme, which had envisaged an exclusively peaceful use of space since 1969. A change to the "Basic Law for Space Activities" approved in 2007 not only allows the use of space for peaceful means, but also envisages defensive military measures.<sup>34</sup> This is to allow potential threats from the Korean Peninsula to be identified early on and counteracted.

**Japan has released four multi-purpose satellites into earth orbit, the initial purpose of which is to detect any possible rocket launches from the North Korean territory.**

The underlying reason is Japan's desire to be able to acquire improved reconnaissance of modernised ballistic weapons systems and the greatly strengthened navy of the People's Liberation Army and combat them if necessary. Japan has thus released four multi-purpose satellites into earth orbit, the initial purpose of which is to detect any possible rocket launches from North Korean territory. There are still considerable problems with the technology in practice, as the failure to detect Pyongyang's rocket launch in 2009 demonstrated. But one cannot discount the possibility that further technical advances will mean that the system can also be used for monitoring the East China Sea and the Chinese mainland.<sup>35</sup>

32 | Christopher Hughes, "Japan's Military Modernisation: A quiet Japan-China Arms Race and Global Power Protection", *Asia-Pacific Review*, Vol. 16, No. 1, 2009, 84-99, here 93.

33 | Corey Wallace, "Japan's 'Three Principles of Arms Exports' about to enter a new phase", <http://newpacificinstitute.org/jsw/?p=9568> (accessed 6 May 2012).

34 | *Ibid.*, 95.

35 | *Ibid.*, 95.

The Japanese military as a whole is developing from a purely defensive force to a more flexible army with expanded ranges of its weapons systems and greater mobility in all its branches. Japan's "anti-military course", which had been promoted for decades, is thus transforming into a "normalised" version of its own defence concept modelled on that of other countries. The new military strategy coincides with Japan's efforts to conduct itself with greater self-confidence in the foreign affairs arena.<sup>36</sup>

## JAPAN'S ANALYSIS OF EXTERNAL THREATS

In addition to the threat posed by North Korea, Japan views the newly strengthened PRC as its main strategic rival in the Pacific region. Although there are still some unresolved territorial disputes with Russia (Southern Kuril Islands), the country does not figure significantly in the threat scenarios.

There are two conflicts that still persist in affecting Sino-Japanese relations today. For one the PRC is still waiting for an official apology by Japan for the atrocities committed during the Japanese occupation in the 1930s and 1940s. Statements issued by Japan's political leadership to date are not considered sufficient. Then there is a territorial conflict regarding the Senkaku Islands (Chinese: Diaoyu Islands), which are claimed as national territory by both sides.<sup>37</sup>

**The territorial conflict regarding the Senkaku Islands, which are claimed as national territory by both sides, affects the Sino-Japanese relations.**

Japan's security strategy with respect to the PRC can be summarised in three terms: integration, balance of power and deterrence.<sup>38</sup> This goes beyond the limits of a purely

36 | Ibid., 96.

37 | The PRC has been putting forward its territorial claims since the late 1960s, after large oil and gas reserves had been detected during exploration work. The territorial disputes over the Senkaku/Diaoyu Islands came to a head in 2010, when the captain of a Chinese fishing boat was temporarily arrested after his vessel had (possibly deliberately) collided with two boats of the Japanese coast guard. In response, the PRC then stopped the supply of "rare earth elements" to Japan in order to exert economic pressure on the Japanese government, which released the Chinese captain after a few weeks. Should this modus operandi on the part of China be repeated in future conflicts, this might initiate a dangerous escalation spiral.

38 | Masayuki Masuda, "A New Horizon for Japan's Security Policy? Japan's Response to China's Rise", conference paper for: European and Asian Perspectives on International Security, Policies in South and Southeast Asia, 29 Sep 2011.

military answer. As regards the first of two elements of this strategy, Japan supports the regional and global integration of the PRC at several levels. Multilateral institutions such as APEC, ASEAN+3 and the United Nations are to provide the framework for curbing advances or bilateral agreements by China in territorial disputes. In addition, joint regional problems, for instance in the areas of environmental safety and the fight against terrorism, offer opportunities for closer cooperation between the two countries. It is hoped that closer bilateral cooperation between Japan and the PRC on security issues will create mechanisms for conflict resolution. The long-term aim is a free trade zone between the PRC, South Korea and Japan. In addition, both sides are working on a solution to the North Korea issue.

Against the background of the forecast shifts in economic power (Japan losing ground to China and other up-and-coming ASEAN countries), a military balance of power can only succeed with the involvement of Japan within the context of a collective regional effort. Even if Japan and the countries of East and Southeast Asia will not be capable of matching the PRC in terms of absolute military expenditure in the future either, they might at least be able to create a strategic counterpole through military cooperation.

**Despite repeated domestic disputes over U.S. military bases on Okinawa, the strategic partnership with the USA remains the mainstay of Japan's security policy.**

The second element of Japan's security strategy with respect to China is the military presence of the USA in the Western Pacific.

Despite repeated domestic disputes over U.S. military bases on Okinawa, the strategic partnership with the USA remains the mainstay of Japan's security policy. The special relationship between Japan and the USA was reinforced last year pursuant to the nuclear disaster in Fukushima, when U.S. Operation Tomodachi provided fast relief to the affected population.

### **THE DESTABILISATION POTENTIAL OF NORTH KOREA**

The unpredictable (conventional and nuclear) threat and aggression potential of North Korea represents the highest risk in the area of security policy in Northeast Asia. Even after the recent change at the top of North Korean leadership, neighbouring countries continue to assess the

risk of escalation as high. China is taking countermeasures by stationing its most modern tank divisions as well as the army's rapid-response troops, the 15<sup>th</sup> Airborne Division as well as the 38<sup>th</sup> and 39<sup>th</sup> Armies, in the military regions of Beijing and Shenyang, which border North Korea. But on the whole, the PRC is pursuing a strategy towards North Korea that is based on maintaining the status quo. The country had to face strong international criticism for this stance in the recent past, when North Korea sank the South Korean frigate Cheonan in March 2010 and conducted an artillery attack on the South Korean island of Yeonpyeong in November of that same year. In response to these events, Tokyo and Seoul intensified their military cooperation with the USA, which resulted in a deepening of their alliances, a development not favoured by the Chinese.

But why does China not strengthen its moderating influence on North Korea, seeing that North Korea depends on Chinese energy and food supplies to a considerable degree? Stopping deliveries of energy and food to North Korea might result in riots and a potential overthrow of the regime there. This would cause considerable destabilisation in the region and put the PRC in the precarious situation of potentially being exposed to a nuclear threat by North Korea. Furthermore, China aims to prevent a united Korea with a continued U.S. presence as that would shift the geo-strategic balance in Northeast Asia clearly to China's detriment. This is the reason China is (currently still) supporting the regime in Pyongyang. The international community, on the other hand, is pursuing a further objective, namely to establish the Korean Peninsula as a nuclear-free zone.

**China aims to prevent a united Korea with a continued U.S. presence as that would shift the geo-strategic balance in Northeast Asia clearly to China's detriment.**

Until April 2012, there were some indications of a relaxation in the relationship between the USA and North Korea. A statement by the two countries issued on 29 February 2012 announced an agreement according to which inspectors of the International Atomic Energy Authority would be allowed back into North Korea after a three-year ban and permitted to carry out monitoring of the nuclear reactor in Yongbyon. At the same time, the North Koreans announced a hundred-day moratorium during which no uranium would be enriched. In return, the USA announced a food delivery,

which was to be passed on to North Korean mothers and children – under very strict supervision. In addition, the countries wanted to press ahead with an exchange programme in the areas of culture, education and athletics. The agreements were interpreted as a first indication of the foreign-policy direction pursued by the new North Korean leader Kim Jong-Un and as a step towards a resumption of the Six-Party Talks.<sup>39</sup>

In the meantime, this rapprochement was scuppered by the ultimately failed testing of a long-range missile on 13 April 2012, which was criticised strongly by the

**The South Korean President, Lee Myung-bak, is taking a hard line towards North Korea, resulting in the North Korean side refusing to hold direct talks with the South.**

USA, Japan, South Korea and the EU.<sup>40</sup> North Korea for its part suspended the nuclear moratorium on 18 April. And the upcoming presidential elections in South Korea are not conducive to compromises in the inner-Korean relationship either. The incumbent South Korean President, Lee Myung-bak, is taking a hard line towards North Korea, resulting in the North Korean side refusing to hold direct talks with the South. In conjunction with the PRC, the USA thus remains the central negotiating partner for securing the internal stability of North Korea and continuing the dialogue about the nuclear programme.

However, Beijing's efforts to maintain the status quo appear to be more a matter of playing for time than a strategy for long-term conflict resolution. Even though North Korea's economic dependency on the energy and food supplies from the PRC means security through influence, the unpredictability of North Korean policy is a variable that creates enormous uncertainty in the PRC. The economic gulf between the two Korean states, which is already large, might widen even further in future. There is a power transition coming up in the PRC and it wishes to prevent any destabilisation during this period. In the case of North

39 | The Six-Party Talks are a forum for negotiations about the North Korean nuclear weapons programme that has been in existence since 2003. Its participants are the neighbouring states of South Korea, the PRC, Russia plus Japan and the USA.

40 | "Nach Raketenstart: UN-Sicherheitsrat weitert Sanktionen gegen Nordkorea aus", *Focus Online*, 2 May 2012, [http://focus.de/politik/weitere-meldungen/nach-raketenstart-un-sicherheitsrat-weitet-sanktionen-gegen-nordkorea-aus\\_aid\\_746493.html](http://focus.de/politik/weitere-meldungen/nach-raketenstart-un-sicherheitsrat-weitet-sanktionen-gegen-nordkorea-aus_aid_746493.html) (accessed 2 May 2012).

Korea in particular, the concept of non-interference in "internal" conflicts, which the Chinese are always keen to stress, is being stretched to its limits.

### **THE ROLE OF THE USA AND OTHER POWERS IN THE REGION**

The military presence of the United States of America in the region goes back to the 19<sup>th</sup> century. Other powers, such as Australia, New Zealand as well as India have been redefining their roles in this region for two decades, but the dominance of the USA in matters of security and defence policy will remain certain in coming years.

Since the escalation concerning the territorial claims in the South China Sea, several ASEAN states have been hoping for stronger U.S. involvement, because the U.S. Navy is the only force strong enough to provide a counterweight to the modernised Chinese Navy. The fact that U.S. Secretary of State Hillary Clinton took part in the last meeting of the ASEAN Regional Forum in July 2011<sup>41</sup> was seen by the ASEAN states as an indication of a "new urgency" from the U.S. perspective as well. This is also reflected in the so-called "Obama Doctrine"<sup>42</sup>, in which the freedom of the sea lanes in the South China Sea and the prevention of having one power dominate the region are stressed.

**The U.S. Navy is the only force strong enough to provide a counterweight to the modernised Chinese Navy. Congruously the "Obama Doctrine" articulates the prevention of having one power dominate the region.**

But neither the USA nor the PRC is interested in escalation; the economic interdependencies and vulnerabilities are too strong. This is why both countries are pursuing an approach of improved cooperation. These efforts have resulted in the "Strategic and Economic Dialogue", which has been in place since 2009. But this has not yet brought about a rapprochement regarding the topics the PRC regards as "interference

41 | "Asean befremdet über Abwesenheit Frau Ashtons", *Frankfurter Allgemeine Zeitung*, 27 Jan 2011, <http://faz.net/frankfurter-allgemeine-zeitung/politik/asean-befremdet-ueber-abwesenheit-frau-ashtons-11111827.html> (accessed 6 May 2012).

42 | In two speeches on 17 Nov 2011 and 5 Jan 2012, U.S. President Obama spelt out the new focus on the Asia-Pacific region in detail. Cf. also: Vadim Vihkrov, "Obama Doctrine: Control Over Strategic Sea Lanes To China", 18 Jan 2012, <http://globalresearch.ca/index.php?context=va&aid=28732> (accessed 6 May 2012).

in internal affairs”, namely human rights, Tibet and Xinjiang as well as the U.S. security guarantee for Taiwan. While there are some unexplored cooperation opportunities in the sectors of the environment, energy, the fight against terrorism and criminal prosecution, the Chinese side currently rules out military cooperation. According to the Chinese leadership, this will depend entirely on the future conduct of the USA.

**The USA has strengthened its military collaboration with India, Japan, South Korea and Australia as well as with ASEAN states such as Vietnam, offering them support with equipment and training.**

In view of this ambivalent scenario, one can understand why the region is affected to a considerably lesser degree by the cuts in the military budget than others and that some

bases, such as those in Singapore, South Korea and the Australian port of Darwin, are even being expanded. A Marine unit 2,500 strong was stationed in Darwin at the end of 2011. In addition, the USA has strengthened its military collaboration with India, Japan, South Korea and Australia as well as with ASEAN states such as Vietnam, offering them support with equipment and training. Since 2011, the USA has been carrying out joint military exercises with Vietnam and the Philippines.

One country that maintains a close military relationship with the USA is Australia. The Southeast Asia region lies at the intersection of the strategic interests of China and Australia. Bilateral relations have deepened rapidly over recent years: China is the main importer of Australian raw materials and also buys Australian government bonds. At the same time, the Australian population is expressing concern over China’s increasing influence. Due to its small population, Australia does not have the capability of defending itself by its own efforts in the event of an escalation and must rely on support from the USA. The country’s northern ports are in strategically favourable locations with respect to the Pacific region and the South China Sea and could offer the U.S. Navy an opportunity to develop important bases. To facilitate cooperation with both major powers, Australia called for an Asian Pacific Community to be established in 2008, but neither of the two countries showed a great deal of interest.

Under its “Look East” policy, India is striving to establish a stronger presence in Southeast Asia. This has given hope to

several ASEAN states that it might help to counterbalance the ever-increasing presence of China in the region in the medium term. India has already carried out joint naval exercises in the South China Sea with Singapore and Vietnam, and good relations with Vietnam could offer the possibility of establishing naval bases in the South China Sea. But India neither has the capacities for sustaining a permanent presence nor would it be in its interest to create a further area of potential conflict with China.

### **CONFLICT PREVENTION THROUGH INVOLVEMENT OF ALL PARTIES IN SUPRA-REGIONAL RESOLUTION MECHANISMS**

In the current foreign and security policy environment military build-up activities in East and Southeast Asia are certainly not conducive to a de-escalation of the situation. However, this rather bleak outlook brightens up when one also considers the simultaneous efforts being made to develop cooperative structures. The region will continue to be characterised by a dynamic ambivalence over the coming years. Whether the spiralling of the military build-up will continue depends to a large extent on the development and success of measures to build trust and prevent conflict.

**The region will continue to be characterised by a dynamic ambivalence over the next few years. Whether the spiralling of the military build-up will continue depends on the success of measures to prevent conflict.**

Concerns over China becoming a hegemonic power are a crucial reason for the establishment of numerous multilateral platforms. The main focus is currently on closer economic integration. There are plans to press ahead with the institutionalisation of the ASEAN+3 process, building on the progress made with integration in the ASEAN and experience gained from the Asian financial crisis. The hope is that stronger cooperation between the PRC, South Korea and Japan will create an "economic deterrence capability". Securing one's own energy supply (Strait of Malacca), for instance, is a concern that the PRC and Japan share.

One of the overarching approaches of the region is represented by the ASEAN Regional Forum (ARF), which was set up in 1994 and is supported by ASEAN and China. The ARF creates a platform for discussion on matters of policy – particularly security policy – and is further intended to nudge



China towards closer international cooperation in the Pacific region. It also involves non-Asian partners, to include the USA and the EU.<sup>43</sup>

Efforts to defuse conflict potential in the South China Sea go back to 2002. At that time, the Foreign Ministers of Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam and China signed what is referred to as the Declaration on the Conduct of

**Since 2006 the efforts in the South China Sea bear fruit. For instance Chinese, Vietnamese and Philippine oil companies now collaborate in joint research projects around the Spratly Islands.**

Parties in the South China Sea (DOC).<sup>44</sup> Even though this accord is not legally binding at China's insistence, all sides confirm the need for an agreement based on peaceful neighbourly relations and mutual trust. In 2004, an ASEAN-China Joint Working Group was formed, which was to be responsible for adherence to and enforcement of the principles set out in the DOC. This gave rise to a number of projects from 2006 onwards, such as joint marine search and rescue exercises conducted by China and the Philippines, workshops on marine ecosystems and biodiversity, on regional oceanography and on climate change. Similarly, Chinese, Vietnamese and Philippine oil companies collaborated in joint research projects around the Spratly Islands.<sup>45</sup>

The Asia Security Summit, also called the Shangri-La Dialogue<sup>46</sup>, which has been hosted by the prestigious London International Institute for Strategic Studies (IISS) every year since 2002, has developed into one of the most influential platforms for dialogue in the area of foreign and security policy. At the last meeting in Singapore in 2011, questions concerning a peaceful solution to territorial disputes and maritime security featured prominently in the discussions.

43 | Kristina Jönsson, "Unity-in-Diversity? Regional Identity-building in Southeast Asia", *Journal of Current Southeast Asian Affairs*, Vol. 29, No. 2, 2010, 41-72, here 49.

44 | Zou, n. 18, 24.

45 | Nguyen and Amer, n. 4, 338.

46 | Cf. The International Institute For Strategic Studies (IISS), <http://www.iiss.org/conferences/the-shangri-la-dialogue/about> (accessed 6 May 2012); documents of the 10th IISS Shangri-La Dialogue: "Shangri-La Dialogue Speaker Agenda 2011" and "Shangri-La Dialogue Outline Agenda 2011", idem, <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2011/agenda-2011> (accessed 6 May 2012).

Alongside an annual ASEAN Defense Ministers Meeting, which has been attended by the foreign ministers of the PRC and the USA (ADMM+) since 2010 and brings together all the affected countries for further dialogue, there have been a number of other agreements between China and Vietnam, such as the Defense-Security Strategic Dialogue, in place since 2010, and the Joint Steering Committee since 2007, the purpose of which is to deal with concrete bilateral conflicts. One that was of even greater importance was the Bali Agreement of 2011, in which further guidelines for enforcing the DOC and for establishing a binding Code of Conduct were set forth. The parties thus agreed on a step-by-step approach, which was to allow the clear identification of responsibilities, projects and activities through dialogue and negotiated settlement. In line with the agreement at the Bali summit the implementation of the DOC is still voluntary, but China's President Hu Jintao has pointed out that he is willing to come to an agreement regarding a binding Code of Conduct.<sup>47</sup> Negotiations on the matter commenced in January 2012. There is some hope that an agreement to this effect can be approved at this year's ASEAN-China summit.<sup>48</sup>

47 | Carlyle A. Thayer, "Chinese Assertiveness in the South China Sea and Southeast Asian Responses", *Journal of Current Southeast Asian Affairs*, Vol. 30, No. 2, 2011, 77-104, here 93 et seq.

48 | Mark Valencia, "A Code of Conduct for the South China Sea: What Should It Contain?", *Policy Forum*, Nautilus Institute for Security and Sustainability, 8 Dec 2011.