

Can NATO Find a Role for Itself Vis-À-Vis China?

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Introduction

NATO is at a crossroads. This is not the first time that Brussels has been faced with critical decisions about the direction, character and raison d'être of this unique and remarkable organization. But this time the stakes are even higher. The major centres of global power are all weak simultaneously for individual and inter-connected reasons. The greatest power on earth and NATO's banker, the United States, is confronting almost insurmountable levels of debt and talk about the end of the American empire has become commonplace. The European community is reeling from the cumulative effect of debt crises. And China, the 21st century's "workshop of the world" (and in the eyes of some a potential saviour of ailing economies in Europe) has begun to see its economy slow disturbingly.² At the same time, two other phenomena are unfolding; the rapid and profound shift in the global centre of economic gravity from the Euro-Atlantic to the Indo-Pacific region and the winding down of NATO's involvement in Afghanistan. The latter, of course, raises the inevitable question: "What next?" The former raises a related question: "Does NATO's future lie in Asia?"

On the 4th of July, 2012, the NATO Secretary General, Anders Fogh Rasmussen, addressed this question when he delivered a paper on security in the 21st century at the Royal Institute of International



Research Paper
ISSN 2076 - 0949
(Res. Div. NATO Def. Coll., Print)
ISSN 2076 - 0957
(Res. Div. NATO Def. Coll., Online)

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Imprimerie DED'A srl
V.le Scalo S. Lorenzo 55, 00185 Rome, Italy
www.dedaedizioni.com

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² Chico Harlan, "With Slower Growth Numbers, China Can't Prop Up World Economy", *Washington Post*, 13 July 2012.



Affairs in London. In addition to calling for new Cooperation Clusters, dedicated to addressing such areas as maritime security, Rasmussen stated that “he hoped to expand the Alliance’s dialogue with China because ‘NATO needs to better understand China and define areas where the two can work together to guarantee peace and stability’ as part of the transformation of NATO into ‘an Alliance that is globally aware, globally connected, and globally capable.’” This paper explores the challenges associated with this call to arms.³

The Parlous Global Environment

These are perplexing and problematic times. There is a good deal of uncertainty about the future face of battle. Is inter-state conflict of the sort that characterized much of the 20th century likely in the future? Or will low level conflict involving non-state actors be the norm? And what is happening in the economic realm? Europe, the geographic heartland of NATO, has been dramatically weakened by the parlous state of economies, particularly those of the southern flank like Greece and Spain. Hindsight suggests that a common currency, the Euro, may be doomed if additional fiscal machinery is not put in place. For the moment, there seems no appetite for these far-reaching structural changes to the monetary underpinnings of the community. In the absence of these changes there is a curious somnambulist quality about European attitudes to the debt crises.⁴ Germany, the most powerful economy on the continent, cannot continue to underwrite the survival of weaker and significantly less productive economies, but, by

the same token, she cannot afford to let them go under either. The politics of denial prevails in many quarters.⁵ What is even more worrisome is the fact that the debt crises are only part of a more distressing decline associated with the inexorable dictates of demography. Europe is aging and populations are shrinking. This process, of course, is not uniform across the continent, but it is sufficiently entrenched that Europe’s role in global affairs seems almost certain to be diminished in the years to come. It is hard to say whether Europe has experienced too much history or not or whether debts and demography have contributed to an important psychological shift, but Europeans appear to be losing the will to rule. They are growing old, if not literally (which they are), certainly figuratively. Their fires are being banked and their appetite for engagement abroad is waning. Ronald Granier summarized the situation baldly when he concluded that “Europe must either become stronger or it will fade away, becoming as dead practically as it appears to be dead intellectually.”⁶ These are hardly the conditions for a more active NATO in Asia even if that were possible.⁷

Meanwhile, the United States is in the midst of its celebrated “pivot” to Asia. Thus, NATO’s mainspring, technologically and financially, has begun to look away from Europe – and even Southwest Asia – towards the western Pacific and the Indian Ocean.⁸ There are those in the Obama Administration who would be delighted to jettison the term “pivot.” They point, quite rightly, to the fact that the United States has been powerfully represented in the Pacific for decades and that all that they are doing is restating

³ Richard Weitz, “China and NATO: Grappling with Beijing’s Hopes and Fears”, *China Brief*, Vol. 12, Issue 13, 7 July 2012.

⁴ Anon., “Leaving the Financial Crisis to History”, *Stratfor*, 19 June 2012. The author describes Europe as “a continent that is united economically, obsessed with prosperity and indifferent or hostile to defense expenditures”.

⁵ Gwynne Dyer, “Another Euro Election”, Syndicated column, 12 June 2012.

⁶ Ronald J. Granieri, “Who Killed Europe? A Provocation”, *Foreign Policy Research Institute*, 5 May 2012.

⁷ Robert D. Kaplan, “Defining Humanitarianism”, *Stratfor*, 13 June 2012.

⁸ Robert D. Kaplan, “America’s Pacific Logic”, *Stratfor*, 4 April 2012.



their commitment to the Indo Pacific region. It should be noted, in passing, that the Indian and Pacific Oceans are two fundamentally different security domains, but they have come to be linked in an entirely new way by global shipping patterns, energy flows, and great power rivalry.

What can be said, nonetheless, is that Washington's focus on the region – complete with a modest shift in military assets and a series of intense diplomatic forays – is very nearly something new. Eager to disentangle American power from the tar babies of Iraq and Afghanistan and deeply concerned about the uncertainties associated with China's rise to prominence, Washington has begun to engage fully in a traditional balance of power game, leveraging anxiety's about China's end game to bring fence-sitting nations more firmly into the US camp.⁹

However, America's timing is bad. The near-death experience on Wall Street in the autumn of 2008 has yet to play itself out and senior US commentators are employing hyperbolic terms like “perilous” to describe the state of the American economy.¹⁰ Economic analysts are waiting to see the other shoe hit the floor in Europe. Even bigger crises there could reverberate throughout the world banking system and bring the anaemic US recovery to a halt. Furthermore, while the American condition may seem bearable – let alone, manageable – for the moment it is because interest rates are at an all time low. The slightest rise in those rates could render the repayment of US debt virtually impossible.¹¹ It goes without saying that the US defence budget is not insulated from these grim realities. Swinging

cuts are being made and the threat of truly massive sequestration cuts (a sword of Damocles hanging over the Pentagon) appears to be in the offing in 2013. What is deeply disturbing is the prevalence of bipartisan politics in Congress. Scoring political points at the cost of the larger welfare of the American economy and American society appears to be the order of the day. This self-evidently is a formula for inaction at the very moment when resolute action is absolutely essential.

This sort of political gridlock, the legacy of failed wars in Southwest Asia, and the weakening of the world's reserve currency, have lent ammunition to proponents of the America in decline school. Supporters of the theory point to the degree to which US debt is held by China, the declining proportion of global GNP accounted for by the United States, and the fact that America's voice seems far less commanding on the world stage. They are almost certainly premature in their conclusions but an increasingly triumphalist China appears to have embraced the long-term decline of American power as part of its overall calculations.¹²

What does all this mean for NATO? It means that the most important member of that organization has diverted its attention from Europe and the European neighbourhood to Asia – a strategic arena a light year removed from NATO's normal operating sphere. In addition, the United States has some crucial – some would say existential – economic challenges to overcome. The natural American cycle would probably call for the United States to look inward after prolonged and unsatisfactory foreign wars, but

⁹ Joseph A. Bosco, “Five Tough Truths About US-China Relations”, *Christian Science Monitor*, 12 July 2012.

¹⁰ John Hamre, Introductory comments to a Center For Strategic and International Studies seminar on “National Security Implications of America's Debt”, Washington DC, 17 September 2012.

¹¹ James A. Baker, “Deficits and Debt - the View from 30,000 Feet”, Center for Strategic and International Studies, Washington DC, 12 September 2012.

¹² William A. Callahan, “China's Futures and the World's Future: An Introduction”, *China Information*, Vol. 26, No. 2, p. 139.



the appearance of a powerful China seems likely to check that inclination in mid-stride.

The Challenge of Asia

The rise of China may be the defining global development in the first half of the 21st century. It has certainly been deeply impressive, but what is frequently lost sight of is the fact that the People's Republic of China is still a profoundly poor country; increasingly powerful but still profoundly poor. In fact, if one were to look at the GDP per capita in the richest coastal regions of the PRC, those parts that have driven the export-led economy over the past three decades, it would be seen to rival that of Romania, one of the poorer quarters of Europe. And if one were to conduct the same comparative assessment in the interior of China, the GDP figures would rival those in Nigeria. It will come as no surprise, therefore, that continuing the nation's growth vector is one of the Chinese Communist Party leadership's top priorities.

But this may be easier said than done. While Chinese achievements since 1980 have been little short of breathtaking and while China has risen from the 17th to the 2nd largest economy on earth during that period, sustaining the nation's economic performance may be nearly impossible.¹³ There appears to be widespread recognition within the ranks of the party that the prevailing economic model, predicated on exploiting almost inexhaustible supplies of cheap labour, assembling parts from around the world, and promoting exports, needs to be amended if China is going to continue to grow. At a minimum, two things need to happen. First, China must develop demand within the domestic market place and, second, China

must begin to move the overall economy upwards in terms of innovation and sophistication in much the same way that Japan and South Korea did in the latter half of the 20th century.

Complicating matters inordinately is a series of serious structural weakness underlying the Chinese economy: rampant corruption, a dismal environmental outlook including increasingly severe water shortages, growing inequality in income distribution, short-comings in the educational culture that militate against domestic technological innovation, mounting social unrest, a lack of transparency in the political realm, and a dramatically over-leveraged banking system that is beset with non-performing loans. Furthermore, the Chinese leadership will have to deal with what some analysts have suggested is a huge infrastructural bubble. In the immediate aftermath of the Wall Street meltdown, Beijing expended roughly USD \$600 billion in stimulus packages and this has given rise to, among other things, "ghost" cities of empty apartment blocks and highways devoid of cars. For example, the city of Chungqing is adding 150,000 square feet of office space a day. All this is occurring at a time when the economy is slowing. The obvious question is, is this sustainable? And if it is not, what then?¹⁴

Equally worrisome is the fact that Chinese society has begun to age (raising the old saw "will China grow old before it grows rich?"), in the absence of a wide-spread and well articulated social safety net, and the work force is slowly and steadily beginning to price itself out of the market. That is not to say that the Chinese economy will not remain globally competitive for quite some time to come, but, currently, it has just suffered eleven months of

¹³ Francois Godement, "China at the Crossroads", *European Council on Foreign Relations*, 5 April 2012.

¹⁴ Simon Winchester, *The Man Who Loved China*, Harper Collins, New York, 2008, p. 256.



declining returns and it may very well be that one of the reasons why the date for the Party Congress was moved to the right was that there are deep divisions within the upper echelons of the CCP as to what to do with the economy.¹⁵ And this is no mere trifle: the continued legitimacy and even the survival of the party depends on maintaining a robust economy.

Thus, we can see that whether we are in Brussels, Beijing or Washington, economic concerns are uppermost in the minds of policy planners and politicians. But what we need to focus on now is the security sector since recent years have witnessed profound alterations in what the Soviets used to call the correlation of forces. For many of us, the balance of power may be a more familiar term. Certainly, what is inescapable is the realization that the global shift in economic power has been matched by an equally compelling shift in military power to the Indo Pacific region. What does this mean for NATO? What environment might NATO find itself operating in?

The New Maritime Balance

Once again, China stands at the centre of this new environment. More than thirty years of economic growth have translated into the dramatic growth of the People's Liberation Army (PLA) and its naval (PLAN) and air elements (PLAAF). China's development of a powerful export-driven economy caused Beijing to fundamentally refocus the nation's axis of interest away from the interior of Asia (the traditional source of threats in bygone days) toward the sea. The safe and untrammelled movement of maritime cargoes has become not only a hallmark

of China's arrival on the world stage but a key national priority. In close order, came two related developments; a burgeoning and deeply impressive domestic shipbuilding capability and the appearance of an increasingly sophisticated PLAN, complete with frigates, destroyers, amphibious ships, nuclear and conventional submarines and now, an aircraft carrier, albeit one with modest capabilities.

Thus, what we have is the rapid appearance of an entirely new navy in the overall maritime balance in the Indo Pacific region. The Chinese seem to be unabashedly Mahanian in their outlook, arguing as Mahan had done 120 years ago that great nations have great navies.¹⁶ What makes the Asian security environment particularly challenging is the fact that we are dealing with a number of nations, large and small, that suffer from severe inferiority complexes. The Russians, the Chinese and the North Koreans, for example, all suffer from a victimization psychology and yearn to be "respected". In a maritime century, Beijing no doubt sees a major ocean-going naval capability as one of the prerequisites for respect. A dimension of that psychology is the feeling that the nation's legitimate ambitions are being unfairly checked. This perception entails a shifting mix of reality and paranoia. Certainly, when the Chinese look outward from the newly re-incarnated Middle Kingdom, they see US forces in South Korea, Japan, Okinawa, Guam, the Philippines, Australia, Singapore, Pakistan, Afghanistan, the Central Asian republics and even Mongolia. Missing from the litany is an extremely important element; one that commands special attention. That is the emerging Washington-New Delhi axis. Like others, the Indians are hedging their bets, trading and engaging

¹⁵ Anon., "World Economic Situation and Prospects 2012", United Nations Conference for Trade and Development (UNCTAD), 7 June 2012.

¹⁶ Richard A. Bitzinger, "China's New Defence Budget: What Does it Tell Us?", Rajaratnam School of International Studies, Singapore, Report No. 060/2012, 04 April 2012.



in diplomatic intercourse with China while keeping their powder dry.¹⁷ The relationship between India and the United States is not a blank cheque for Washington. New Delhi still has many reservations regarding the degree of intimacy that the relationship should entail, but the fact of the matter remains that the burgeoning ties between the two powers, particularly in the maritime realm (and New Delhi is quite clear about what it sees as its premier role in the Indian Ocean) is a very significant development in the emerging balance of power in Asia.

Can NATO Engage Asia?

Unfortunately, ambiguity and distrust lie at the heart of the security environment in the Indo Pacific region. In the first instance, the region is haunted by the legacies of history. We can see this being played out in profound tensions between Seoul and Tokyo over the Japanese treatment of so-called South Korean sex slaves during World War II.¹⁸ Similarly, Japanese reluctance to present a more forthright and balanced account of the war in their school textbooks infuriates the Chinese. The latter make constant reference to the Rape of Nanking in 1937 when Japanese forces occupied the city and killed upwards of 300,000 of its inhabitants. These tensions are compounded, in turn, by the highly debatable and contentious “historical” claims of the Chinese, Japanese, South Koreans, Russians and Southeast Asian states to islands and islets scattered along the approaches to the Asian shore.¹⁹

Thus, in the case of two of NATO’s contact nations in East Asia – Japan and South Korea – the inter-

state relationship is highly problematic at times. This is not to suggest that Tokyo and Seoul do not have much in common – their concerns about North Korea and the implications of burgeoning Chinese power, for example – but what it does suggest is that NATO may encounter difficulties engaging its Asian partners.

Second, until recently there was no unanimity in Asia as to who constituted the “enemy”. This was a straightforward calculation in the European Cold War context. Not so, in contemporary Asia. While the aggressiveness of Chinese foreign policy in the past two years has shocked many in the Indo Pacific region and tended to drive fence-sitting nations into Washington’s arms, there is still none of that clear polarization that characterised life on either side of the Iron Curtain during the Cold War. Of course, NATO is not looking for a comparable situation, but the fluidity of the political landscape makes it hard to know how the regional dynamic will unfold.

Third, while many have enumerated the enormous contribution that China has made to the global economy, there are an equal number of pundits who would advance competing arguments that China is a threat to the established order. Chinese cyber attacks, trade protectionism, self-serving interpretations of the United Nations Convention on the Law of the Sea, the strong-arming of lesser powers in Southeast Asia, Beijing’s treatment of minorities, and an overall lack of transparency in the defence realm are cited as reasons why the United States and other nations should be concerned about China’s “peaceful rise.”²⁰ For their part, the Chinese see the American “pivot”

¹⁷ Robert D. Kaplan, “China’s Naval Rise”, *Stratfor*, 27 June 2012.

¹⁸ Jennifer Lind, commentary on Japan featured in *The Nelson Report*, Washington, DC, 17 September 2012.

¹⁹ Ronald O’Rourke, “Maritime Territorial and Exclusive Economic (EEZ) Disputes Involving China: Issues for Congress”, Congressional Research Service, 22 October 2012, p. 7.

²⁰ Elisabeth Bumiller and Thom Shanker, “Panetta Warns of Dire Threat of Cyberattacks on US”, *New York Times*, 11 October 2012.



to Asia as aimed directly at preventing the PRC from realizing its legitimate ambitions. Furthermore, they see Washington courting Asian capitals to create a structure of Cold War-era containment. The Americans, on the other hand, have gone to considerable lengths to try to reassure Beijing that while they, the Americans, want to ensure freedom of navigation, respect for human rights and so forth, they are not pursuing an anti-China agenda. The negotiating theatre goes on but the great substratum of distrust underlying the relationship remains firmly in place.

Australia and New Zealand, two nations with which NATO has an increasingly close ties, are subject to the same uncertainties vis-a-vis China.²¹ The ambiguity of the Sino-Australian relationship is particularly clear-cut. At its simplest, Australia's economic vitality is overwhelmingly dependent upon China. China, hitherto at least, has constituted an insatiable maw, consuming Australian iron ore and coal at a breathtaking rate. That said, however, Canberra is overwhelmingly dependent on the United States for security. How then, to reconcile these two priorities, particularly at a time when Sino-American relations could become strained? Washington has sought to reassure the Australians by striking an arrangement to rotate 2,500 US Marines through Darwin, in north-western Australia, on a regular basis. This is a largely symbolic and cosmetic gesture, but significant nonetheless in terms of helping to anchor America's forward presence in the Indo-Pacific region. It will come as no surprise that the Darwin initiative disturbed the Chinese as did Secretary of State Hillary Clinton's declaration in Hanoi in 2010 that disputes over South China Sea territories, involving China and various Southeast Asian states, should be

subject to international resolution.

Conclusion

Where does this leave NATO? It is difficult to see a way forward for the organization in the Indo Pacific region. The region is absolutely vast by European standards, it is riven by crises, it is far removed from Europe, and there is a lack of regional frameworks to which NATO might relate.²² The last contention will, no doubt, be subject to immediate contestation. There are, in fact, a growing number of organizations in East Asia dedicated to security: The Association of South East Asian Nations (ASEAN) Regional Forum or ARF, the ASEAN Defence Ministers Meeting Plus (ADMM+) and others with overlapping memberships and agendas. The point to make here is that the efficacy of these organizations is very much open to debate. Hitherto, they have been largely ineffectual in dealing with security concerns. China, of course, is a key player in another regional security organizations – the Shanghai Cooperation Organization, but the SCO's heartland lies in the Central Asian “stans” and the organization embodies deep structural tensions between Russian and Chinese ambitions in the region. To a considerable degree, the SCO serves Beijing's interests in the sense that it legitimizes and facilitates the PRC's anti-terrorist agenda (for which, read, largely an anti-Turkmen agenda in non-Han portions of western China), but the SCO is not an Asian NATO as frequently implied in journalistic accounts.

There is, however, one promising arena and that is at sea. The Indo Pacific region is quintessentially maritime and the maritime arena may give NATO

²¹ Anon., “Update: NATO Warns Australia ‘Regular’ Target of Cyber Attacks” and “Australia, NATO to Combat Cyber Attacks”, *MARPAC Pacific Media Brief*, 14 June 2012. NATO signed an accord with Australia in mid-June aimed at “developing military technology to combat cyber espionage and strengthen maritime security”.

²² Jonathan Holslag, “Europe's Convenient Marginalization”, *European Voice*, 5 July 2012.



an opportunity to contribute to regional security in a manner that is, arguably, far less contentious than other possible options. The devastating 2004 tsunami off Aceh in Indonesia demonstrated the enormous value of seapower in providing humanitarian assistance and disaster relief (HADR). Indeed, since then, HADR has moved from a third tier to a first tier priority for navies like the United States Navy. Conventional wisdom suggests that not only is the Indo Pacific region more prone to natural disasters than anywhere else in the world, but that the incidence and intensity of those disasters is likely to increase as a result of global warming.

At the same time, the region is the locale for much of the world's human trafficking, arms smuggling, and piracy. Prior to the early 2000s the world centre of gravity for piracy was the Straits of Malacca and Singapore. In 2004 the littoral states of Singapore, Indonesia, Malaysia moved to institute a trilateral maritime patrol regime (complimented by intelligence-gathering overflights that involved the Thais as well) that has proved highly successful in reducing the incidence of piracy. It is worth noting, in passing, that NATO's contact nation, Japan, has done a lot of effective, low profile work supporting this initiative and buttressing its success.

Subsequently, as is well known, the locus of piracy moved to the Gulf of Aden - Horn of Africa region and the prevalence of piracy off Somaliland led to the establishment of a number of eclectic naval coalitions involving NATO, the European Union, an American task group, and an assortment of other nations. Significantly, this last mentioned group included the Chinese and since 2008 the PLAN has been dispatching vessels to help combat piracy.²³

Interactions between NATO warships and their Chinese counterparts are modest to say the least, but NATO could perhaps devote more energy to trying to build upon the Horn of Africa experience to develop greater common ground with the PLAN. This will not be easy because, as noted above, China's relations with the United States, Japan, and even South Korea are problematic and countries like Australia and New Zealand are quite rightly perceived by Beijing as being squarely in the American camp.

Also, as noted, there is an abiding sense of distrust that must somehow be overcome. Greater and greater maritime interaction may help to break down that sense of suspicion. The countervailing argument, of course, is that with so many of China's disputes being maritime in nature, there may be relatively little room for manoeuvre beyond motherhood undertakings like HADR. But a start has to be made somewhere. It is interesting to see that China seems scheduled to be invited to the next huge Rim of the Pacific (RIMPAC) exercise in 2014; the subtext of which has been a thinly disguised anti-Chinese one for some time now. The maritime domain provides the flexibility – and, in many cases – the invisibility – for interactions that will build trust. This will be a very slow process, for the reasons enumerated, but NATO's efforts to engage in Asia may be more fruitful at sea than anywhere else.

²³ Andrew S. Erickson and Justin D. Mikolay, "Welcome China to the Fight Against Pirates", *Proceedings* 135, March 2009.