Power shift in East Asia: trends, policies and implications

As the center of world economic growth and world politics is shifting to East Asia, the region is undergoing strategic transformation due to the ongoing power shift. While enjoying preponderance in the region as the architect of post-war liberal economic and security order, the U.S. is seeking to preserve its dominance with its rebalance to Asia policy. For most of the post-war period the United States enjoyed absolute military superiority in Asia Pacific, which was largely secured by the system of military-political alliances established during the Cold War. It is often described as the system of “hub-and-spokes” due to the central role played by the U.S., which provides security guarantees to the states of the region in respect of military confrontation with third countries. The U.S. is also the architect of the post-war liberal economic order, under which many East Asian countries were able to achieve huge economic success known as the East Asian economic miracle. Japan, South Korea, Taiwan and other “Asian Tigers” – despite their rapid economic growth and a gradual strengthening of their military capabilities – were not considered by the U.S. as potential military rivals, because their development was based on the existing regional order and they did not seek to realign or reshape it.

China’s rise is without doubt the major factor of power shift in East Asia. One of the key characteristic of China’s rise has been its increasing military capabilities, as its booming economic growth has been accompanied by an increase in defense spending for over 30 years now. At the same time, China’s desire to realign the regional order under its own auspices (as it is dissatisfied with the status-quo and at the same time
unable to change it through negotiations with the dominating power), from
the standpoint of being the dominant power, creates objective
preconditions for conflicts with the states that support the status quo. It
also primarily determines the Sino-American geopolitical struggle for
influence, as the U.S. and its allies are the ones most interested in
preserving America-led regional order\(^1\).

As noted earlier, one of the key components of China’s rise has been
military buildup. The active modernization of the Chinese armed forces, the
largest in the world (2.3 million service personnel), represents a challenge for
U.S. military capacity in the future. China’s military budget has increased by
more than 10 percent per year, and in the 2000s it grew by about
14.2 percent. According to SIPRI, from 1989 to 2012, China’s defense
spending increased by 750 percent, from $18 billion to $157 billion. In 2015,
according to SIPRI, China’s military budget was $214.7 billion\(^2\).

According to the assessment of many military experts, which is
based on the opinion of the U.S. Department of Defense, the main purpose
of the active modernization of the People’s Liberation Army (PLA) is to
achieve the capability to bar access to and block off any zone from the
armed forces of a potential enemy (anti-access/area-denial strategy,
A2/AD). These new capabilities are designed to weaken the ability of the
U.S. to project its power in the region. This should serve the general
strategic objectives of China (the preservation of its territorial integrity,
national unity and the provision of maritime security as well as protection
of the country’s interests in the surrounding seas) as well as give it a
chance to perform combat missions in the Taiwan area and the territories
adjacent to China where other countries’ naval forces (primarily those of
the U.S. and Japan) already operate. Experts say that the ultimate goal of
this strategy is to hinder the ability of the U.S. to project its power and to
make it more risky and costly, so that America’s allies can no longer rely
on assistance from the U.S. in repelling aggression or opposition to other

\(^1\) Tellis Ashely J. The United States and Asia’s Rising Giants // Strategic Asia 2011-2012:
Asia Responds to Its Rising Powers: China and India / ed. Ashley J. Tellis, Travis Tanner
SIPRI-Milex-data-1988-2015.xlsx ; the same source on all countries below.
forms of coercion. In the final reckoning, this strategy could weaken the confidence of Asia-Pacific countries in the U.S. as the guarantor of regional security.

Comparing China with another major regional player – Japan, it can be noted that China’s positions have increased substantially vis-à-vis Japan, with Japan being a weakening major power due to its prolonged economic recession in the 1990-s and 2000-s added by the negative impact of the global economic crisis. However, Japan’s positions in the region remain formidable and it can still be considered one of the major powers and an economic and technological leader. According to the statistics, Japan’s share of trade turnover with ASEAN in 2015 constituted 10.5%, while China’s – 15%, with Japan being number one investor in manufacturing sector in ASEAN. Japan is also regarded as one of the strongest naval powers in East Asia. Japan possesses a large fleet of modern ships, including destroyers, which makes its Navy the most powerful in Asia (with the exception of the U.S.). Despite the fact that Japan does not have an aircraft carrier and China’s military capabilities quantitatively exceed Japan’s ones, its vast fleet of deep-water destroyers and helicopter carrying destroyers, experts believe, gives it a significant advantage over China. Moreover, ASEAN states and Taiwan in general view Japan more favorably than China, one of the reasons for the case being China’s worsening image due to its growing assertiveness since 2009-2010, especially due to the South China Sea dispute escalation.

The U.S. remains the region’s dominant power with strongest economic, political and military capabilities. Comparing U.S. and PRC’s


military capabilities, it should be stated that China’s military capabilities fall behind the U.S., especially in regard that it has no military bases or allies in the region. U.S. defense expenditures are three times as much as China’s: in 2015 U.S. military budget estimated at $596 billion, China’s – $215 billion (SIPRI). The “Pivot to Asia” or “rebalancing to Asia” policy, adopted in 2011 by the administration of U.S. President Barack Obama, reflects desire of the world’s strongest power to retain preponderance in this strategically high-priority region. Pivot or rebalance to Asia policy implies strengthening U.S. military capabilities and forces in the region (primarily those based in Guam, Australia and Singapore), relocation of 60% percent of U.S. Navy to Asia-Pacific, closer cooperation with allies and alliance adaptation to the new strategic environment, economic integration under the auspices of Trans-Pacific Partnership, increased cooperation with ASEAN states and enhanced participation in multilateral fora, East Asia Summit in particular.\(^7\)

Albeit developing economic cooperation with PRC, no U.S. ally (Japan, South Korea, Thailand, Philippines, Singapore or Australia) regards China as an alternative political and security replacement for the U.S, “hedging” from China with their security guarantees. It is the U.S. that is viewed as the only state capable of balancing China’s growing influence and prevent China from becoming a dominant power.\(^8\) With East Asian states trying to find an adequate answer to the challenges of China’s rise, its more assertive foreign policy and more aggressive U.S. involvement in the region, most countries, especially U.S. allies, have chosen the hedging strategy vis-à-vis China or the strategy lying in the spectrum between hedging and engagement. Very few states like North Korea and Cambodia have opted for the strategy closer to bandwagoning, although it is still to be seen if they fully embrace it at the end of the day. A number of states have adopted the elements of balancing strategy, but it

is Japan that can be regarded as the bright illustration of clearly transforming its strategy from hedging to balancing China.

India and Russia have also emerged as major powers in the region, adding to complex dynamics of middle and small powers. According to an estimate by IHS Jane’s, attempts to change the status quo in East Asia are related primarily to the actions of China as the geopolitical center of the region. At the same time, the rest of the region (Japan, South Korea, India, Australia and leading ASEAN countries) is also becoming increasingly less satisfied with the current situation and policies of China, which in turn forces them to build up their own military capabilities in response. All this together results in an exacerbation of long-standing regional conflicts (for example, that on the Korean Peninsula) and territorial disputes, heightens the tension of the security situation and brings about emerging and re-emerging security dilemmas at the previously unseen scale.¹⁹

Focusing on the recent dynamics of the power shift, a special notion should be made of the key developments of China’s and Japan’s strategies in East Asia.

“One road, one belt” which implies Silk Road Economic Belt and 21st century Maritime silk road has clearly become since 2013 the key dimension of China’s foreign and economic policy. Maritime silk road for the 21st century put forward by China in October 2013 to Southeast Asian states during the speech of China’s leader Xi Jinping to Indonesia’s Parliament has emerged as the key dimension of Beijing’s grand strategy in East Asia. ‘Maritime silk road’ was originally aimed at enhancing “maritime partnership” and cooperation in diplomatic and economic dimensions with ASEAN countries (including investment into maritime infrastructure to build up economic cooperation as a “win-win situation”) to mitigate security tensions in the South China Sea, and was later suggested to South Asian states, overlooking the Indian Ocean and further to Africa and Europe. An important goal is to portrait China as peacefully rising regional state, which can foster convergent economic development.

China’s arguments for the initiative focus on the fact that it is an economic project of co-development that will bring tangible economic achievements for all participants and will help to create the ‘community of common destiny’. It implies infrastructure development, fostering innovations, improving regional business climate, achieving more balanced distribution of factors of production, accelerating the development of remote and desolate areas, better cost-reduction due to development of processing chains, increasing people-to-people exchanges and joint cooperation projects. Thus it aims to improve connectivity within Asia, providing a stimulus for its development and prosperity. Maritime Silk Road realization will not only bring about building maritime infrastructure, industrial corridors, transport corridors, industrial parks and joint production projects, but will also include adjacent fields of cooperation such as finance, information and communication technologies, electric power industry, tourism, personnel, science and technological cooperation, people-to-people exchanges. The difference with the maritime silk road is that it can suggest not only building infrastructure to the states lacking it and the funding to build it themselves but the whole package of infrastructure, industrial corridors, funding, scientific and technical cooperation, etc., thus making the projects without any preconditions (as compared to the WTO and the World Bank) very appealing\(^\text{10}\).

China’s silk roads (both land and maritime dimensions) have implicit but important strategic goal of consolidating China’s periphery through economic means with China as a dominant power, stressing historic ties and economic benefits to all the participants. The main reason for the initiative is considered to be economics: first and foremost, it will provide stimulus to China’s economic development and will enable China to continue its extensive development model on the new expanded scale though increased production capacity, stimulating production and

innovations in China itself. Although the country aims to achieve a more balanced development model based not only on export-oriented industries but also on domestic demand, it will take a lot of time to realize it and the country needs new stimulus for supporting economic growth, with new silk roads being the case. As China is facing overproduction in a number of industries (i.e. steel industry), has infrastructure in place all over the country and is struggling to build up high tech and innovative sectors, silk road projects are designed to use Chinese materials, machinery and manpower in the expanded regional (and trans-regional) domain. Not to be overlooked is the fact that the maritime silk road starts within China, in its southeast coastal regions, and a portion of the investment may go to China itself.

More than that, the maritime silk road is aimed at fostering partnerships amid aggravated maritime security issues through increased political, economic, technical cooperation with ASEAN and South Asian states. It is also believed to have the potential to mitigate security tensions raised about South China Sea maritime dispute and concerns about China’s military build-up. The realization of the maritime silk road will definitely have strategic consequences for the region: it will lead to increased China’s maritime presence throughout the Indo-Pacific. This in turn has the potential to result in China’s improved maritime posture with significant security implications. Being essentially an economic strategy, it obviously possesses strategic implications as China employs primarily civilian and paramilitary vessels to substantiate its territorial claims in both the East and South China Seas. Not to be discarded is the fact that increased Chinese economic involvement and maritime posture has the potential to eventually lead to China’s increased political clout in the region and realization of its strategy in Asia.  

Asian states in general view the maritime silk road in a positive way, but not without concern about its strategic implications. ASEAN officially supported the maritime silk road, with a number of countries including

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Cambodia, Singapore, Malaysia and Indonesia examining a number of maritime projects with China. For instance, during Indonesia’s President Joko Widodo’s visit to China in March 2015 a memorandum was signed on cooperation in infrastructure and industry. South Asian states – with a notable exception of India – view the initiative very positively as like with the Southeast Asian states the projects can bring about significant change in fostering the development of the underdeveloped coastal regions. India on the contrary has been mostly critical about the strategic and security consequences of the maritime silk road as it is still concerned about China encircling India and Indian expert community links the initiative with the unofficial ‘string of pearls’ strategy, claimed to be implemented by China to establish its presence in the Indian Ocean. The maritime silk road has also witnessed criticism from the states not participating in it and thus deliberately excluded from the forming ‘community of common destiny’, with Japan’s voices being most vocal. Russia seems to be concerned only about its main goal of connecting the Eurasian economic union with the Silk road economic belt and there is no evidence that it is in any way considering the maritime silk road only if it is not one of the AIIB projects it will take part in. However, despite essentially favorable attitude of Asian states towards the maritime silk road, as ambivalent perception of China’s security policy is still in place, all the states are currently examining the projects, evaluating risks and challenges as they see them according to their interests respectively.\(^{12}\)

Another major Asian power aiming to preserve its positions as one of the regional leaders, Japan, is not only building up its military potential but is also accelerating the process of becoming a ‘normal country’ and lifting post-war restrictions as well as strengthening its alliance with the U.S. The key element of the policy has been the reinterpretation of the article 9 of Japan’s Constitution so as to provide the right to collective self-defense, thereby giving Japan the right to use self-defense forces to protect allies in other countries and effectively allowing it to use military force abroad

alongside other national militaries. This is viewed as the integral part of Abe’s cabinet ‘proactive pacifism’ policy, aimed at enhancing Japan’s role in regional security through increased contribution to peace and stability in East Asia. Promotion of regional order based international law and opposition to the change of status-quo has become another key element of Abe’s foreign policy agenda.

Abe’s cabinet has taken a number of steps to underpin this policy. In December 2013 National Security Strategy and the National Defense Program Guidelines were adopted. December 2013 saw the establishment of the National Security Council to strengthen decision-making in security sphere. April 2014 witnessed the relaxation of arms export restrictions, military technology cooperation and dual use technology. In February 2015 the New Development Cooperation Charter was published with a new clause aimed to provide assistance to foreign military forces for non-military purposes. Finally, in September 2015 the legislation was adopted by the Japanese Diet allowing for the reinterpretation of Article 9 of the right to collective self-defense. The reason for this change in security policy according to Abe’s cabinet has been deteriorating regional environment: China’s increasing presence and growing assertiveness in the East China Sea, seen as a major security threat along with North Korea’s nuclear and missile threat.

The most controversial measure has been the right to use collective self-defense, which sparked criticism both in Japan and abroad. Abe’s cabinet listed three criteria to use the right to collective self-defense: 1) An attack on an ally poses an existential threat to Japan or could fundamentally overturn Japanese citizens’ constitutional rights to life, liberty and the pursuit of happiness; 2) there is no other way of repelling an attack and protecting Japan and its citizens; 3) the use of force is kept to the minimum required level. Examples of exercise of the right to collective self-defense include protecting U.S. Navy ships in Japanese waters, intercepting ballistic missiles aimed at the U.S., evacuating Japanese citizens fleeing a war zone, inspecting vessels suspected of transporting

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weapons to third countries hostile to the U.S, conducting minesweeping operations without formal cessation of conflict and protecting UN peacekeepers abroad, etc.

On the one side, collective self-defense is an “inalienable” right for UN Member States in accordance with Article 51 of the Charter and it was Japan’s own decision to restrict it and then to lift the restrictions. Moreover, the right to exercise collective self-defense can be exercised in accordance with Article 9 of the constitution only when Japan's own security is threatened. Abe’s cabinet repeatedly claims that Japan will take no part in military campaigns or wars, and this right can be used only for defensive, not offensive purposes. On the other side, it is still unclear how the government will take the decision and define the level of threat and how independent that decision will be. There is an increasing threat that Japan could be drawn into a conflict that will not pose a direct military threat to the country. In this regard it can be considered a major security shift from post-war peaceful policy, which is what critics call it 14.

Three pillars of Japan’s security policy under Abe Shinzo can be named in this regard. The first one is increasing Japan’s own military capabilities, which includes among others creating mobile and rapidly deployable troops, mostly to defend Senkaku islands, increasing military potential in the south-west, especially navy and air force, increasing surveillance capabilities (i.e. installation of Yonaguni radar), increasing the number of destroyers, Izumo helicopter carriers and Soryu-class submarines, establishing the amphibian unit and buying 52 vehicles from the USA. The second pillar is strengthening US-Japan alliance. April 2015 saw the adoption of new Guidelines for U.S.-Japan Cooperation with two major changes: widening the scope of cooperation on intelligence, surveillance, and reconnaissance (ISR), air and missile defense, maritime security, asset protection, training and exercises, logistic support, and use

of military facilities, and deepening integration of joint military missions and the possibility for the third side to join them.

While U.S.-Japan security alliance is a key pillar of Japan’s foreign policy, as U.S. security guarantees are of particular importance given strained relations with China, Japan at the same time aims to preserve its status as one of the region’s leaders and major powers, developing cooperation with ASEAN, India, Australia – states which also seek to find an adequate answer to the challenge presented by China’s rise. Cooperation with other East Asian countries can be considered the third pillar of Japan’s security policy. The concept of Security diamond comprising Japan, U.S., India and Australia, based on shared values and democracy, was proposed by prime-minister Abe in 2013. Japan is focusing on fostering relations with Australia, India, Southeast Asian states, namely Indonesia, Philippines and Vietnam, and Russia and can be considered to be forming a ‘coalition of willing’ among states suffering from ‘China’s aggressive behavior’ in South China Sea (witnessed by patrol boats deliveries to Vietnam and Philippines). Japan has been advocating maritime order based on international law and promoting the freedom of navigation\textsuperscript{15}.

There is an ongoing discussion if Abe’s policy is a major shift from the post-wat period and means militarization of the country as criticized by China. Rather than that, it can be considered the continuation of the policy to transform Japan into a ‘normal state’, which was launched by Japan’s prime-minister Koizumi Junichiro, but a much more active one. With that in mind, Japan’s security policy can be regarded as an overt shift from hedging strategy to balancing vis-à-vis China, and Japan has been the brightest example in the region of a country transforming its strategy from hedging to balancing China, which is again aimed at preserving its status as one of the regional leaders in the light of China’s increasing assertiveness. In this regard Japan aims to increase its deterrence capability in order to sustain status-quo and thus to increase stability and promote peace in East Asia. However, the result of this policy has been strained relations with China aiming to change status-quo and South Korea’s

concern about Japan’s possible involvement into the Korean peninsula conflict. That said, the changes may bring about not more peaceful East Asia, but increased possibility of Japan’s involvement into conflicts in the Taiwan Strait and on the Korean peninsula and the effect can be quite the opposite: instead of deterring threats it can lead to aggravating tensions and emerging conflict situations with Japan, thus sparking security dilemmas. One could also wonder if this is a comprehensive scenario for peace and stability in East Asia provided by Japan if it is to remain of the region’s leaders and a model for other countries’ policies towards China.

For Russia, especially against the backdrop of its strained relations with the West as a result of the Ukrainian crisis, East Asia is becoming increasingly important as a way of enabling Russia to diversify its foreign political and economic ties and to establish itself as a Euro-Pacific power. The involvement of Russia in regional integration in East Asia is capable of providing impetus to Russia’s Asian Pivot and contributing to the development of its regions in Siberia and the Far East.

Although Russia is a member of all regional fora, its positions in the region have been comparatively weak, in part due to Russia’s absence from regional integration. Russia’s Asian Pivot has been focusing on its partnership with its key partner China, at the same time diversifying its ties with Japan, South Korea, Taiwan, ASEAN and even North Korea. With Russia-led Eurasian Economic Union-Vietnam FTA conclusion in May 2015, the prospects of EEU-ASEAN FTA are quiet visible. A number of FTAs with other East Asian states such as China and South Korea are also being considered at the moment. Simultaneously, Russia has launched a number of projects in the Far East, namely the introduction of the Territories of advanced development (ADT) and Vladivostok as a free port with a special maritime economic zone with the main goal of developing the Russia’s Far East (RFE) in mind. However, Russia is facing a number of challenges in its East Asian pivot, such as a threat of overdependence on China, a rift with the U.S., a sharp decline in trade and investment with the region in 2015 as the result of the crisis of Russian economy, to name a few. Hence, Russia remains a strong proponent of region’s peace and

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stability, which is crucial for the country’s successful development and its projects in the RFE. Russia has no interest in a drastic change of regional status-quo, as it will inevitably aggravate security in the region and have a negative impact on economic cooperation. Needless to say, with Russia’s participation as a regional power there is an increased possibility to form a polycentric regional order in East Asia.

Beyond all doubt, the power shift in East Asia has resulted in the regional environment that is clearly showing a complex dynamics of competing regional strategies and visions of regional order, at present and for the years to come.