



SPECIALReports

Rethinking China Policy

May 2018 | Report 2

The strategic challenge posed by the increasingly assertive leadership of the People's Republic of China needs to be met.

This report first published on January 18, 2017 provides a look at shaping a way ahead with regard to China.

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POTENTIAL OPENING FOR NEW US-CHINA AND US-ASIA PACIFIC RELATIONS?

By Dr. Harald Malmgren

April 15, 2018

Xi Jinping ascent to undisputed power over China involved a long, measured process of reconfiguring the power structure within China. It has involved gradual formulation of a new narrative of China's rising presence in the global economy and expressed determination to reform debt excesses that have risen to unsustainable levels.

Xi Jinping seems determined to keep his message on track, often reliant on repeating what he has said before as with his address to the World Economic Forum in Davos, and repeated in China's own Davos-like gathering in recent days.

It must be realistically recognized that what Xi Jinping seeks to achieve may not be achievable.

His policy formulations are meant to be the guidelines for the entire economy. If he fails, his credibility among the Chinese people could be challenged.

It therefore may be concluded that he is not simply saying what Chinese people and US officials want to hear, but has staked his own credibility on his promises of domestic reforms and opening of the Chinese financial and industrial markets.

US trade officials are skeptical that what Xi Jinping promises will yet again prove to fall short, seen as buying time before another round of US economic pressures.

Since Xi Jinping is putting his own newly achieved position of authority at risk by making such promises, he has a major stake in carrying out those promises.

The hard reality of China's economy is that most of its economic growth in recent years has been enabled by rising levels of borrowing, by both Chinese private and state-owned enterprises and by regional governments. Much of China's debt provided by foreign lenders is denominated in US dollars, putting Chinese borrowers at risk of currency turmoil.

Market apprehension is not only about interruption of trade flows, including global supply chains. There also seems to be widespread fear that China might devalue abruptly to offset new US tariffs, or might engage in selling off a large share of its holdings of US Treasuries, causing a shock to the US and world markets which clear most world trade transactions through US dollars in what is called the Eurodollar market.

Most likely Xi Jinping's closest aides would be eager to sort out US complaints in quiet, closed door discussions, and in fact spokesmen for high levels of leadership conveyed willingness to meet to discuss what might be done to meet US concerns. Xi's remarks at Davos were recycled in remarks at China's own version of Davos.

Unfortunately, Trump's trade advisors dismissed the Xi's assurances as non-consequential, just empty promises which so often had been made in past years but not ultimately implemented.

Washington's continuing confrontational rhetoric put the Chinese leadership in a position of potentially being humiliated if they were to appear to bow to Trump's harshness. For Xi Jinping personally, having just reached the pinnacle of leadership of China, it simply impossible to be seen bowing to intimidation by the Americans.

In the background, it has become evident that the Trump trade team, led by Commerce Secretary Wilbur Ross, White House adviser Peter Navarro, and USTR Robert Lighthizer, were motivated by long festering US complaints of Chinese unfairness in trade with the US, and continuing concerns that US jobs were being taken by outsourcing of US industrial production.

It is not apparent that the Trump team is aware that sharp increases in Chinese wages have made high labor content Chinese exports uncompetitive. To an objective outsider to the China-US clash, it seems the Trump team is focused on loss of jobs to China and large exports of high labor content products to the US, problems of past decades.

China is now reconfiguring the composition of its exports to promote high value added, low labor content manufactures. While the US trade team is focused on troubles of decades past, the Chinese now are focused on their changing markets for sales in the coming years, particularly exports of industrial machinery, power plants, railroads and other infrastructure for emerging market economies along the One Belt One Road pathways, across continents to Africa, Latin America, Central Asia and the Middle East.

China has even completed a path for railroad traffic from inner China all the way to London, dramatizing the changed trajectory of China's export thrust. This endeavor now continues to seek footholds in Western Europe, remote places like Greenland, and the Caribbean and Central America nations.

In this changed orientation of China's export thrust, countries like Japan and Germany have much to fear, as they have long been the leading providers of industrial machinery and infrastructure for emerging market economies.

Such manufactures are not likely to be in demand in the US market. Instead, demand in the US market for Chinese goods is likely to decline, while US exports of agricultural products to China will grow as China's needs for food and animal feed for 1.3+ billion people will inevitably rise as Chinese incomes rise.

Identifying specific steps to discourage Chinese breaches of US corporate proprietary technologies may take time. Greater Chinese official attention to complaints of breaches of US proprietary technologies must be established, including judicial mechanisms for pursuing claims of damage.

Separately, the US Government itself needs to work with US industry to improve security of storage of cutting edge US technologies with advanced cryptology in conjunction with systems like blockchain.

Most likely the importance of the US market for Chinese exporters will continue diminishing in future years. Moreover, the share of imports in Chinese GDP will likely continue to diminish as Chinese incomes continue to grow, increasingly helping to drive domestic growth of consumption

Unfortunately the timing of this abrupt Trump inspired clash with China threatens to disrupt the gradual bilateral progress in building trust between the US military and Department of Defense with the Chinese PLA. Trump's trade advisors have dismissed Xi Jinping's carefully crafted address to the world that he expects China to become a strong supporter of the multilateral trading system, and that China will open its markets more aggressively in coming months.

The best choice for US policy response at this moment in history would be to accept his assurances, and work with Chinese officials in monitoring bilateral commercial progress, while cultivating more fully recent improvements in PLA-US military relations to extend expectations of fewer security frictions.

The US should also be prepared for China's economy to stumble, and for Xi's authority to be challenged.

Thus it would seem prudent to the US to take this convergence of events in the interplay of Washington and Beijing as an opportunity to explore strengthening economic and even security engagement with Japan, Australia, and other Asian Pacific nations.

A US effort to revisit the TPP and perhaps seek entry with some new conditions to be embodied in it would likely gain favor with the other participants, as well as large segments of business as well.

TOWARDS BREAKOUT IN THE SOUTH CHINA SEA: THE PRC SHAPES A WAY AHEAD

By Danny Lam

The seizure of a USN Drone operating 50nm northwest of Subic Bay operating in International waters of South China Sea (SCS) highlights the evolution of PRC policy and reflects a way ahead. The drones and its tender USNS Bowditch were well away from any PRC claims and beyond the 9 dash line. This act could be viewed as piracy on the high seas by the PRC regime's navy or alternatively, as the logical extension of PRC policy toward the SCS.

Appeasers have called for this incident, like the armed island building activities, to be overlooked and called for broad concessions to the PRC in order to secure freedom of navigation in the area.

The question with this approach concerns the PRC's intent and long-term plans, and whether concessions will do any more than what was achieved under the Obama and GW Bush Administrations.

Viewed in historical context dating back at least back to the 2001 Hainan Island incident, where a USN EP-3 and an intercepting Chinese J-8 fighter collided, it is a gradual, steady, and longstanding policy of expansion of PRC military and para-military presence in the SCS that has been operative at least since the late 1990s.

From this perspective, the only unique factor is the location of the intercept which is outside of any PRC SCS claims, but within the Philippine EEZ. Otherwise, the behavior is consistent with the PRC regime's past claim that the operation of an unarmed drone collecting hydrographic data from the PRC perspective does not constitute "innocent passage" — the basis upon which USNS Impeccable was harassed in 2001 while operating about 75nm south of Hainan Island.

What is so different about this incident?

Explanations of PRC behavior range from issues like fisheries, mineral rights, nationalism, to protection of the sizable military presence at Hainan Island.

Benign explanations by appeasers suggest that PRC is seeking "face" rather than having ambitions to dominate the area irrespective of the regime's accession and ratification of UNCLOS.

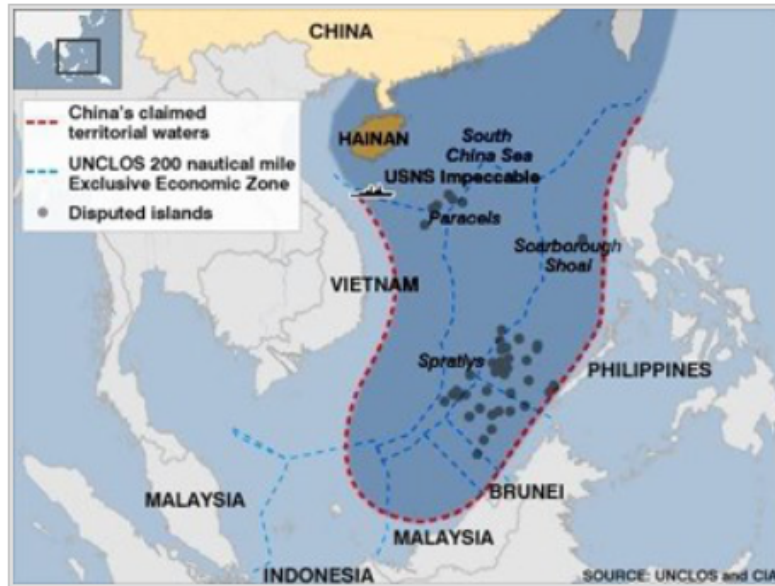
In theory, all but the military-strategic issues can be resolved within the existing frameworks for sharing of resources and settlement of disputes in regimes like UNCLOS. Military-strategic issues, on the other hand, operate according to the cold logic of defense planners and geopolitical factors. Recall Stalin's USSR had no concerns about going to war with neutral Finland to secure the flanks of Leningrad before WWII.

What do these factors tell us about the intent of the PRC?

A bathymetric map of the South China Sea shows that much of the western region is shallow, with the deep basin directly northwest of the Philippines at the Manila trench. Topographically, the geography is highly

variable with many undersea mountains, valleys and islands that place a premium on detailed knowledge of the terrain for submarines to operate in the area.

It is a great area for a small displacement, long endurance, quiet, stealthy submarine to operate, with fresh water mixing with salt water, tides, thermoclines, and other dynamic features favor the knowledgeable operator.



China's Claims in South China Sea

If the purpose of PRC dominating the SCS is military-strategic-geopolitical in origin, it leads to two explanations: South China Sea as a potential “Boomer Bastion” where PRC’s fleet of Nuclear Ballistic Missile submarines can operate safely under the protection of PLAN surface and PLAAF air cover providing that enemy submarines and ASW units are kept at bay.

The other, not mutually exclusive explanation is that control of the deep basin in the eastern SCS is critical to access the only viable exit to the Philippine Sea, and then Open Ocean for not just SSBNs, but the entire PLAN force including submarines.

Access to the open sea will allow PLAN units, particularly submarines, to play havoc with allied shipping and add an entirely different element to the PRC's A2/AD strategy.

The area from which the USN Drone was seized reveal that it is in the area defined by the Manila trench that is deep and a good pathway for submarine operations with access to the entire basin of the eastern SCS. It would be next to impossible for the PLAN to secure the SCS as a boomer bastion without securing the Manila trench almost all the way to the Philippine shoreline regardless of international boundaries or UNCLOS.

From this perspective, the violation of international law by the PLAN operating in the Philippine EEZ is a relatively minor consideration compared to the strategic imperative of securing the SCS basin.

The PRC will likely demand the Philippines acquiesce to this in the event of a conflict with the US and allies. President Xi’s New Year’s speech’s uncompromising stance on sovereignty and maritime interests reflected this view.

The greater concern, however, is the gateway to the South China Sea: The Luzon Strait.

Absent the seizure of Taiwan in the near future or the surrender of the Philippines, control of the Luzon Strait will be the only way for the PRC to access the Pacific Ocean beyond the first island chain. There are no other viable exits to the South or West of SCS that do not involve tighter, more easily guarded choke points. But in order to do so, the PRC will have to control at least some, if not all of the islands guarding the Luzon Strait and Balintang Channel.

Batanes and Babuyan Islands are the next objective of the PRC's strategy to dominate the SCS.

Seizure of territory that is indisputably part of the Philippines will be costly for the PRC. Construction of bases on uninhabited islands in the SCS by reclamation is one thing, but the takeover of populated islands of the Philippines indisputably put the PRC into the category of aggressor akin to the seizure of the Crimea.

The question is what are the interests and motives that will tip the PRC's calculation to make this move.

The fact is, PRC have so far, gotten away with every move they made in the SCS.

The PRC have invested considerable resources to build a fleet of at least 5 Jin class SSBNs and numerous SSNs and SSKs. Such a fleet, fully armed and operated on war patrols, likely constitute a double digit percentage of the PLAN's entire budget, and considerably more for the Southern Theater Command (STC).

To date, the fleet has rarely sailed on patrol, and it is not known that they have ever sailed armed with live nuclear weapons.

Utilizing the SSBNs on a bona fide war patrol will require many assumptions about the PRC nuclear posture to be altered. For example, the regime's assertion that PRC nuclear warheads are stored separately from the launchers is practically unfeasible for an SSBN out on war patrol. Likewise, an armed SSBN lowers the hurdles to altering a "no first use" policy claimed by the PRC.

Contrast this with implementing a nuclear first strike strategy with land based ballistic missile forces, where warheads can be distributed and mounted just prior to intended use. With SSBNs, it is not possible to not deploy warheads not mounted missiles on war patrol.

That leads to the option of arming just prior to sailing: SSBNs used either defensively in a "surge" deployment to a boomer bastion, or for a Pearl Harbor style first strike or the western style deterrent patrols.

SSBNs on war patrol will require some form of devolution of launch authority to the officers and crew of the vessel to a far greater extent than a land based nuclear force. Secure communications with a submerged SSBN is an issue that is critical for a second strike posture unless one were to devolve control to the same extent as UK did with their nuclear deterrent's "Letter of Last Resort".

Devolution of launch authority for nuclear weapons to a small group of well-trained officers and crew is never taken lightly in every country that have done so.

What makes the Chinese case unique and different is that this is a far more difficult decision to make that have more likely than not, eluded them ever since the first Xia class SSBN was built in the 1970s.

While it is not publically known whether any or what portion of PRC nuclear forces are on standby for immediate launch, what is known is that there has been no attempt to establish a regular SSBN patrol outside of SCS despite having at least 4 operational Jin class SSBNs as of 2016.

That begs the question as to whether or not the Jin class SSBN building initiative originates from Beijing controlled Central Military Commission and the Rocket Force, or is it a local Southern Theater Command (STC) Initiative?

A parallel question will be who are the drivers behind the development and deployment of JL-2 submarine launched ballistic missiles.

If the current iteration of Jin Class SSBNs is a STC initiative, it is entirely understandable why the Beijing based regime will be extremely reluctant to allow nuclear weapons to be deployed by the STC fleet — no matter how impressive they may appear.

The decision to devolve control would empower the STC, a group that is ethnically, linguistically, and politically distinct from the Central-China/Northern/ Shanghainese cliques that have dominated PRC politics since the establishment of the PRC.

Transfer of the command and control of a sea based nuclear arsenal to the SSBNs is potentially as much a threat to the Beijing regime as it is to other nations.

From this perspective, the STC's initiative in building the Jin Class Submarines in the absence, or at least, ahead of the decision to permit them access to nuclear weapons and ballistic missiles can be seen as a strategy to force Beijing's hand — by showing how compelling it is to equip the STC with ICBMs and nuclear weapons.

If this is the motive, it would then follow that the STC will be motivated to be aggressive in pushing for the elements to “fall into place” that makes their gambit successful.

To enumerate, the elements will include undisputed control of SCS including exclusion of the US and other Navies, subjugation of the Philippines, and ultimately, breakout into the Second Island Chain.

This interpretation will lead to the conclusion that appeasement and compromise with the PRC, especially via a Beijing that is limited in their control over the Southern Theater Command, is for all practical purposes, impossible short of unconditional acceptance of the PRC's terms for the South China Sea.

FROM COUNTER-PIRACY TO PIRACY: THE STRATEGIC DIRECTION OF THE CHINESE NAVY

By Ed Timperlake and Robbin Laird

The Chinese Navy has come out into the big world as a counter-piracy force.

For example, the PLAN has been part of the anti-piracy operations off of the waters of Somalia.

And in 2014, the PLAN did an exercise with the US Navy with regard to counter-piracy.

In a rare bilateral exercise, the U.S. and China conducted anti-piracy training off the pirate-prone Gulf of Aden, the Navy said in a Thursday statement.

The guided missile destroyer USS Sterett (DDG-104) joined at least two of People's Liberation Army Navy ships for the exercises that included visit, board, search, and seizure (VBSS) exercises, communication exchanges and “various other aspects of naval operations,” read the statement from U.S. 5th Fleet.

Defense.info

“Approximately 700 personnel from the U.S. and China navies will participate in the exercise, and it gives Sterett sailors the opportunity to engage in a shared mission with other surface platforms,” read the statement.

A Pentagon spokesman said the exercises included live fire drills, according to a report in Stars and Stripes.

“The exercise allows us to address our common regional and global interest,” said Capt. Doug Stuffle, commander, U.S. Navy Destroyer Squadron (DESRON) 1.

“It helps both nations pursue a healthy, stable, reliable and continuous bilateral relationship.”

Last year, the U.S. Navy and the PLAN conducted a first round of anti-piracy exercises between USS Mason (DDG-87) and the Luhu-class destroyer Harbin and oiler Weishanhu.

Those exercises included VBSS training, live fire drills and a rare helicopter landings.

In September, China’s anti piracy force has also conducted similar drills with the Iranian Navy.

<https://news.usni.org/2014/12/12/u-s-china-conduct-anti-piracy-exercise>

Even the US Army has joined in the counter-terrorism effort with the PRC.

Closing ceremonies for the 10th Disaster Management Exchange, or DME, were held in Haikou on Hainan Island, China, Jan. 18.

The 2015 DME is a U.S.-China humanitarian assistance and disaster relief exchange, which included an expert academic discussion, or EAD, a tabletop exchange, or TTE and a practical field exchange, or PFE. The DME is among the most substantive of U.S. military engagement activities with China.

“This long established exchange underscores the commitment of the U.S. and the People’s Republic of China to a comprehensive and strong military-to-military relationship in order to address security cooperation and humanitarian and disaster relief challenges across the region,” said Maj. Gen. Edward Dorman, commanding general of 8th Theater Sustainment Command.

Sponsored by U.S. Army Pacific and hosted by China’s People’s Liberation Army, or PLA, the DME 2015 included participants from the Hawaii Army National Guard, the U.S. Marine Corps, the U.S. Air Force and the State Department.

https://www.army.mil/article/141698/Disaster_Management_Exchange_2015_concludes_in_China

Apparently, the skills learned in this “strengthened military-to military relations” are really paying off.

Among other things, the PLAN, has honed their skills in becoming pirates on their own.

Pentagon press operations director Navy Capt. Jeff Davis told reporters that a Chinese Navy Dalang-III class submarine rescue vessel launched a small boat and retrieved the UUV as the oceanographic survey ship USNS Bowditch was attempting to retrieve it and a second UUV in the South China Sea.

The incident occurred in international waters about 50 nautical miles northwest of Subic Bay Naval Air Station in the Philippines, Davis told reporters.

Calling for International Law Compliance

“The UUV is a sovereign immune vessel of the United States. We call upon China to return our UUV immediately and to comply with all of its obligations under international law,” Cook said.

Bridge-to-bridge communications took place between the Bowditch and Chinese ships, but demands to have the UUV returned were ignored, Davis said.

“The USNS Bowditch and the UUV — an unclassified ‘ocean glider’ system used around the world to gather military oceanographic data such as salinity, water temperature, and sound speed — were conducting routine operations in accordance with international law,” Cook said.

<https://www.defense.gov/News/News-Releases/News-Release-View/Article/1032611/statement-by-pentagon-press-secretary-peter-cook-on-incident-in-south-china-sea>

This UUV was onboard a Military Sealift Command ship which is manned by civil mariners.

This a clear act of piracy and needs to be dealt with as such, and the Chinese thrown out of any future counter-piracy operations until they stop conducting piracy.

Hopefully, this will lead to a U.S. rethink about how to man MSC ships and to deal with any pirates or adversaries who think they have a free ride to simply stop by and take what they want from MSC ships.

But this is not simply an act of piracy, but an act embedded in the overall strategy of the PRC leadership – engage in and defeat the United States in Information War.

Simply getting the drone back is not really the issue -- nailing the PLAN is and identifying it for what it is – a force engaged in operations across the Range of Military Operations or ROMO including acts of piracy.

The low end of the ROMO spectrum for the USN-USMC team is humanitarian assistance; for the PLAN it is piracy.

Giving the PRC a path to in their terms “a smooth resolution” already cedes to the PRC an IW victory.

The PLAN needs to be called out for what it is, a Navy learning from their kindred spirits the Barbary and now Somali pirates,

They deserve little professional respect from any navy operating from the civilized world.

SHAPING AN EFFECTIVE SOUTH CHINA SEA POLICY: THE NEED FOR A NEW INTELLIGENCE APPROACH

By Danny Lam

There are few territorial disputes as muddled as the South China Sea.

Republican China (ROC), despite its irrelevance from 1950 onwards, steadfastly maintained a claim – initially made in 1947 when the government was on the verge of defeat – to vast stretches of the seas in the 9, 10, or 11 dash line claim. The People’s Republic of China, as a UN member, acceded to the UNCLOS II in 1982 and ratified it on 1994 with only minor active disputes despite the overlapping claims of many states in the region.

Something changed around Year 2,000 coincidentally with the rise of China as a great trading power and the recognition of the value of undersea resources in the South China Sea.

Concurrently, Chinese fishing fleets have expanded and became a major factor in the [depletion of fisheries](#) in South China Sea and [around the world](#).

Defense.info

The People's Liberation [Navy](#) and paramilitaries like the [Chinese Coast Guard](#), Fisheries Patrols and "merchant" or "fishing" [boats](#) experienced explosive growth particularly after the [reorganization of constabulary units in 2013](#). But there are significant regional differences.

Assets like [oil drilling platforms](#) to assert claims in the South China Sea. Jin class submarines are [primarily based on Hainan Island](#), vs. the Xia class submarine based at Laoshan.

Presently, China's carrier is based in Dailian, but there are [indications that a future Carrier base](#) will be on Hainan island to house additional carriers under construction.

In parallel is the growth of the Chinese Merchant fleet, and acquisition of formal [overseas bases](#) and [facilities](#).

[Rational actor paradigms](#) are generally problematic for net assessment. Nowhere is this more true than in divining the intent of the PRC regime.

Western analyst's weakness in local and regional knowledge as to the concerns, calculus and constraints faced by [regional PLA/PLAN commands](#) severely hamper the ability to make sense of these deployments.

In the past decades, there are many tantalizing hints of the [weakness of Beijing](#) and their loose grip on their local military regions that at times, resulted in [contradictory policies](#) being pursued by the central and local military commands that mirror the inability of Beijing to exercise a strong grip on their Provinces.

During the initial search for Malaysian Airlines MH 370, Vietnam, Malaysia and Thailand were able to [mobilize first](#). PLAN and other vessels [mobilized slowly](#), with several units from Shanghai rather than the plentiful assets operating in South China sea.

These patterns reflect the longstanding Chinese cultural norm "[Heaven is high and the emperor is far away](#)."

The power of Chinese central authority is limited to when it is directly watching / inspecting and utilizing their theoretically absolute power to force compliance.

At other times, it can be safely and legitimately ignored.

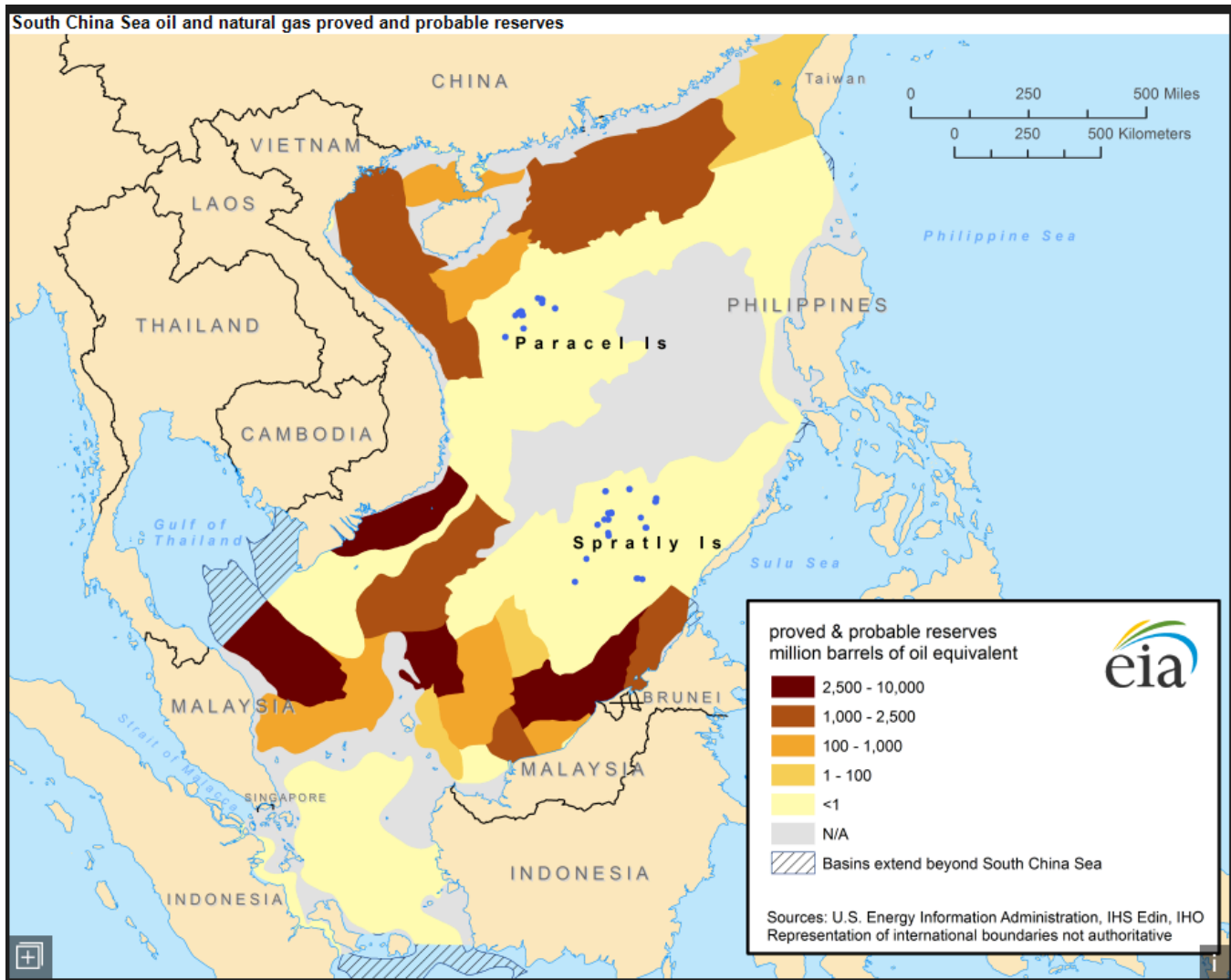
Visit any Chinese dominated area in Asia, and this belief is operationalized in the [preponderance of illegal structures](#), unlicensed or [unlawful businesses](#), and generally "illegal" behavior with respect to the letter and spirit of the laws. Chinese law and regulations, in that respect, do not have the presumption of legitimacy in Western systems.

Centralize authority has little capacity to fully control or enforce the raft of rules and regulations even [within Beijing](#).

To truly understand what is going on, one need to divine not just the formal assertions of the Central authority (Beijing), but the semi-illegitimate actions and aspirations of the local authorities which at most times, overpower the diktats of Beijing: as they did before Commissioner Lin [tried to stop the formal opium trade](#).

Today, observers rarely question the official version of the cause of the first opium war as the Ching Court banning trade in narcotics then being humiliated by militarily stronger western powers.

Few western historians acknowledge that the pre-opium war British trade with China was widely supported by [southern Chinese merchants](#) who made fortunes from both legal and illicit trade at the expense of domestic inland Chinese opium producers.



From this perspective, the opium war was caused by a protectionist trade measure by inland Chinese opium producers who gained the ear of the Ching court against coastal southern Chinese merchants (compardors) allied with British merchants . This would make for a messy reading of history before consideration of the longstanding role of Chinese secret societies in undermining Ching authority.

Chinese society is abound with [secret societies](#), whose in its most illegitimate form are [triads or criminal enterprises](#), but also exist as innocuous but often illegitimate societies that can be based on [religion](#), [politics](#), similar ethnic, regional, or professional ties. All of these organizations exist in a state of semi-illegitimacy and in turn, exercise power with a subtle interplay with other (nominally illegitimate) authorities of the peasantry playfully referred to as the [lao bai xing](#).

Hidden authorities are crucial in the maintenance of order in China, as is around the world.

Applying this approach to the South China Sea disputes, it is hard to see [how the sea grabs](#) is solely a product of Beijing policy to effectively unilaterally abrogate the UNCLOS treaty obligations of the PRC.

Local business interests, like the [fishermen](#) and other commercial interests, right to including the ship builders and their suppliers, that is benefitting from the naval buildup with business they would otherwise not have;

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and, the regional PLAN/PLA, the “Coast Guard” and “Fisheries Patrol” in the area are all major makers and executors of policy.

What about the criminal or semi-illicit enterprises engaged in piracy, extortion, smuggling, or illegal immigration that have extensive networks [throughout Southeast Asia](#) that no doubt play a key role in the disputes?

Or the [competing grabs](#) by all the formal and informal claimants?

Into this mix of competing authorities, demands on the Beijing regime of China to honor their UNCLOS treaty obligations and push back against Chinese activities like PLA/PLAN land reclamation and the building of bases on disputed territories have been at best, ineffective in moderating Chinese behavior at the local level.

Rare and occasional [FONOPs](#) by primarily US vessels and aircraft have had no impact and perhaps, [made things worse](#) by demonstrating the impotence of the US and allies in this policy area in establishing and maintaining a rules based order.

What this calls for is a different approach than the present strategy of parley with Beijing as if Beijing is the sole and major problem for the South China Sea.

In order to develop a more nuanced and effective policy, the US and allies need to develop a far more granular and detailed picture of the non-Beijing actors in the policy area, whether it be the local branches of the PLA/PLAN, Coast Guard, Fisheries Patrol, or other units in the area, their ties to military owned or controlled businesses, and non-state actors.

Ideally, such expansion of the knowledgebase shall encompass actors from every other state in the area. But to do so will require a different skill set and allocation of intelligence resources.

Armed with better knowledge and information, the US will be able to forge a policy that can precision target incentives and sanctions to support a UNCLOS compliant regime to all parties that matter in these disputes.

And not just Beijing.

TAIWAN IN PACIFIC DEFENSE: TURNING A NEW PAGE

By Ed Timperlake and Robbin Laird

The phone call between President-elect Trump and the President of Taiwan has sent shock waves to many in the diplomatic community.

But it is about time to turn the page and include Taiwan in the shaping of a 21st century deterrent strategy for Pacific defense.

The People's Republic of China has made it clear by its actions and expressed intentions that the regime is moving out into the Pacific and asserting its power and influence and directly threatening U.S. interests and U.S. allies.

It is reaching beyond Taiwan in its military and diplomatic strategy and leveraging its expanded power projection capabilities into the Pacific to reach out to the Japanese Island chains as well as the key maritime access points to Australia.

It is clear how important control of Taiwan would be in shaping a pincer strategy against Japan and Australia and American military installations in the Pacific.

Why would the United States then simply stand by and ignore the defense of Taiwan and its key place in a strategic reshaping of Pacific strategy?

That would be turning the Pacific Pivot into the Pacific Divot.

There is little reason to be frozen in time with Kissinger and Nixon who pursued a strategy rooted in deterrence of the Soviet Union by embracing Communist China. Last time we looked the Soviet Union has collapsed.

Russia is not the Soviet Union in an essential sense of seeing no commonality of relationships with China except and only with regard to realpolitik.

As such, there is little to be gained by appeasing the PRC in hopes of containing Russia. Deterring Russia is a task all unto itself, as it forges a 21st century approach to power, using its military capabilities to shape outcomes seen as essential to Russian national interest by Putin.

<http://www.sldinfo.com/remembering-reagan-how-to-deter-the-russians/>

Now China is a power unto itself, one has virtually nothing to do with its condition or role in the global system when Nixon and Kissinger negotiated the Shanghai Communiqué.

As Danny Lam, a Canadian analyst, has underscored:

“Normalization of relations with the PRC was accomplished through the issuance of [three communiqués](#) in 1972, 1979, and 1982 that defined the relationship. In those documents, the PRC and US explicitly acknowledged their differences.

“There are essential differences between China and the United States in their social systems and foreign policies.” (para 8, 1972) and made clear that the differences are only papered over temporarily for the sake of peace. Temporarily is the operative word.”

<http://www.sldinfo.com/to-whom-do-western-china-experts-owe-their-allegiance/>

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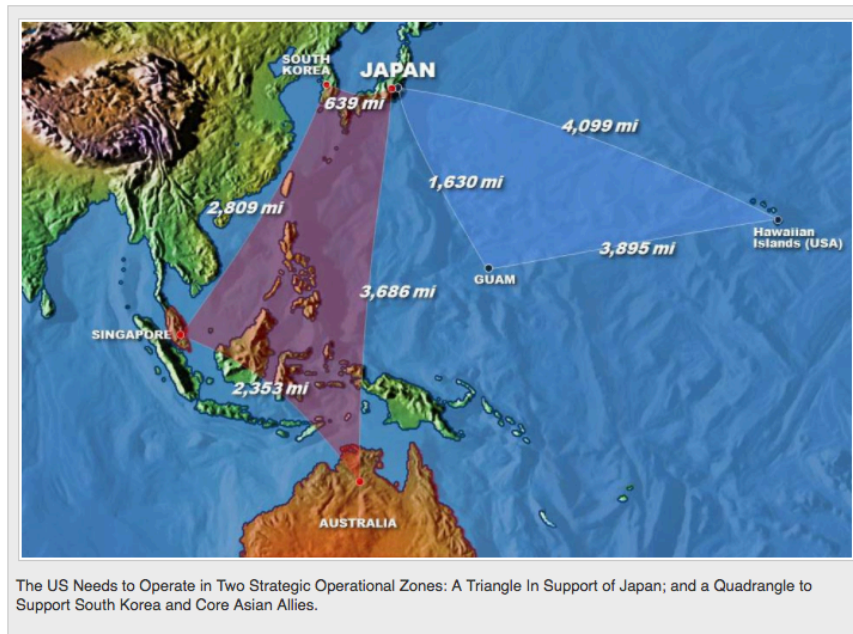
This was converted to the “one China policy” at the end of the Carter Administration where Carter severed diplomatic relations with Taiwan and recognized the PRC as the sole legitimate government of China. Reagan came to office and rearmend the Shanghai Communiqué.

But Carter’s policy was also forged in the time of battling what is now the non-existent Soviet Union and before China turned into a military power seeking to assert that power deep into the region.

It is time to exit the Madame Tussaud museum of policy initiatives and shape a Taiwan policy for the 21st century, which is part of a broader deterrent strategy.

Both the technology available to the United States and the policy shifts of core allies in the Pacific are enabling the forging of a deterrence in depth strategy.

As Japan has focused on its extended defense, Australia upon the integration of its forces with a capability also for the extended defense of Australia and with U.S. forces focus on shaping a force to operate over the extended ranges of the Pacific, now is the time for a serious rebooting of the role of Taiwan in extended Pacific defense and security.



As then MARFORPAC Commander, Lt. General Robling put it with regard to deterrence in depth:

“I like the term deterrence in depth because that’s exactly what it is.

It’s not always about defense in depth.

It’s about deterring and influencing others behavior so they can contribute to the region’s stability, both economically and militarily, in an environment where everyone conforms to the rule of law and international norms.”

<http://www.sldinfo.com/the-distributed-laydown-in-the-pacific-and-deterrence-in-depth-lt-general-robling-discusses-the-evolution-of-the-usn-usmc-team-in-the-pacific/>

U.S. Navy leadership has pioneered the concept of building integrated kill webs which can allow for presence assets to integrate across the extended battlespace to provide for an integrated “no platform fights alone” multi sensor-shooter solutions. Taiwan can be seamlessly integrated in to a Pacific Island deterrence strategy with the political will expressed by President Elect Donald Trump. In our discussions with the new head N-9, Rear Admiral Manazir, he highlighted the key role of shaping integrated forces across a distributed operational area.

It is clear that both the Air Force, the Navy and Marine Corps team are focused on shaping the force for the high-end fight against peer competitors.

The Army’s main contribution in such considerations is the expanding and evolving role of Army Air Defense (ADA) Missile Defense systems. But in so doing, the focus is upon shaping a modular, agile force, which can operate across the spectrum of military operations; not just be honed simply for the high-end fight.

It is about shaping platforms into an integrated force, which can deliver lethal and non-lethal effects throughout the battlespace.

<http://breakingdefense.com/2016/10/rear-adm-manazir-speaks-on-allied-force-transformation-a2ad/>

It is clear that Taiwan can enter easily into a force structure operating in terms of distributed defense with a deterrence in depth approach. One can start doing so by involving them in various security efforts associated with allied coast guard forces in the region.

They can become a regular participant as a presence force associated with allied and U.S. security operations.

Their involvement with their Air Force and Navy in engaging in partnership in the evolving distributed approach to an integrated Pacific defense strategy is important. And over time their Air Force and Navy can fit into a strategy, clearly designed for defense.

To defend against a PRC pushing out its military capability into the Pacific, a Taiwan isolated unto itself and NOT part of an overall deterrence in depth force generated by the US, Japan and Australia will simply leave it as a an apple to be plucked from the tree for an aggressive and assertive Beijing government.

President Elect Donald Trump’s phone call put a very powerful marker down for a new chapter in deterring the PRC.

As we wrote in our book on Pacific strategy published three years ago, Taiwan is considered by Beijing from the perspective of holding together their control over the centrifugal forces in their empire; and we can consider as clearly part of a strategy to do the opposite.

“The conflict with Taiwan is subsumed in Chinese thinking as part of the core territorial-integrity challenges.

The Island of Formosa was part of China since its conquest in the Qing Dynasty in the 17th century. It was ceded to Japan in 1895 and returned to China after the war.

In the ensuing Chinese civil war, the forces of Chiang Kai-shek were pushed off the Chinese mainland and relocated to Formosa. Here the Republic of China was established.

Over time, the Republic of China has evolved into a vibrant democracy, and it is the quality of Taiwan as a modern democracy that is a major challenge to the authoritarian Chinese leadership on the mainland.”

Laird, Robbin; Timperlake, Edward; Weitz, Richard (2013-10-28). Rebuilding American Military Power in the Pacific: A 21st-Century Strategy: A 21st-Century Strategy (Praeger Security International) (pp. 25-26). ABC-CLIO. Kindle Edition.

A new Taiwan policy and indeed a new approach to Pacific islands is a key part of any new “constraint strategy” towards China. Taiwan lies at the juncture of any effective Pacific military strategy with the PRC coming out deeper into the Pacific.

The PRC has changed the nature of the game; Neither Taiwan, the United States, Japan nor Australia should accept their encroachment on freedom of the sea in the Western Pacific and South China Sea.

A PRC dominated Taiwan would be militarily poised to disrupt US and allied operations and significantly disrupt the ability to operate in a strategic quadrangle. If the PLA (generic for all PRC military forces) is given time to dig in and build a robust redundant ISR network from survivable hardened ground facilities and dug in and hardened 2nd Arty missiles batteries, it would be a significant new combat challenge.

The PLA combining survivable ISR 100 plus miles off the China coast linked with sea based platforms, PLAAF attack planes, and their satellites (if they are allowed to survive) can be very deadly at sea for the USN and allied forces.

With the PLA propensity for digging, they will literally dig in, and shape combat capabilities at the heart of the strategic quadrangle. It is no wonder that the self-declared ADIZ was yet another round of the PRC trying to assert its reach and affecting Taiwan.

Enhancing the defense of Taiwan is a legitimate right of Taiwan and is permitted by the Taiwan Relations Act. “In furtherance of the policy set forth in section 3301 of this title, the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability.”

But self-defense of Taiwan against a PRC reaching deep into the Pacific can not be done without shaping interactivity with the US, Japan and Australia and a broader strategic effort.

We can look for ways to both enhance Taiwan’s ability to defend itself and contribute to Pacific defense. One key way would for Taiwan to build up their ISR reach into the area and enhanced C2. These capabilities could evolve as the US Army builds out its Air Defense Artillery or ADA capability in the region.

A new way to think about the ADA approach is to build the support facilities throughout the Pacific whereby THAAD and air defense can be supported. THAAD—globally transportable, rapidly deployable capability to intercept and destroy ballistic missiles inside or outside the atmosphere during their final, or terminal, phase of flight. THAAD Weight launch vehicle, fully loaded 40,000kg=88, 184 lbs or 44 short tons.

<http://oshkoshdefense.com/variants/m985a4-guided-missile-transporter-gmt/>

The Gross Vehicle Weight Rating (GVWR) of missile battery truck alone is 66,000 lbs. Now let us rethink how it might be deployed to remote islands as part of a flexible grid. The CH-53 can take 30,000 lbs internal or sling 36,000 external-range unrefueled is 621 nm. The MV-22 human capacity is 24 combat-loaded Marines-range app 700 miles.

The actual missile battery is 26,000 lbs. and well inside the lift capacity of a CH-53.

The problem is the mechanics to raise and lower the battery and rearm. A battery lowered from the air sans truck on reinforced concrete pads with calibrated launch points may make sense. A separate modular lift device could be put in place to load and reload.

Consequently, taking apart modules doesn't appear to be a showstopper, and Marine MV-22s flying in Army ADA troops into any reasonable terrain is absolutely no problem. The weight of TOC and Radar maybe of concern, and it appears that in today's world there may have been little appreciation by Big Army on using MV-22 and CH-53Ks.

To be very fair the US Vietnam War Army did get it brilliantly by setting up firebases in remote areas with helo lift of very heavy guns. A THAAD island maneuverability concept is the same in principle but with different technology.

Combine ADA Batteries with the ability to move a floating airfield as needed inside the potential sanctuary of a 200+ KM protection umbrella of disbursed island bases with ADA batteries and power projection of the sort needed in Pacific defense is enhanced.

As the US shapes a defensive belt and operates within a strategic quadrangle, Taiwan could be plugged into this belt as it shapes its ISR and C2 capabilities. At some point in the future, Taiwan could operate its own version of ADA and become part of the defensive grid.

The Taiwan Relations Act clearly permits such actions: "To maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan."

The way ahead is to shape a template, which creates synergy between the self-defense of Taiwan and the evolving US, and allied strategy for deterrence in depth.

President Trump has started the process of setting in motion a new policy. There is the possibility that history may record with Donald Trump taking a phone call from President of Taiwan that just taking the call may resonate with the same moral imperative of "tear down this wall" did for President Reagan in Berlin.

DECIPHERING PRC'S STANCE ON THAAD IN SOUTH KOREA: A CHINESE FIRST STRIKE POLICY IN ASIA?

By Danny Lam

During President Obama's meeting with President Elect Donald Trump, a "big problem for the country" was discussed.

North Korea and its nuclear ballistic missile program was [identified in September](#) as the first problem for the Trump Administration.

President Elect Trump will be briefed by the priesthood of China / North Asia experts on the issue, and will hear their pitch for the continuation of [multilateral diplomacy based approaches](#) to solving the problem — the approach that repeatedly failed for decades and got us to where we are.

Except that today, or by 2020, the NORK problem have turned from a nuclear ballistic missile threat to allies like Japan and South Korea, and perhaps US bases like Guam, to a problem that directly threaten every major U.S. population center including those of [happy go lucky](#) free riding allies like Canada.

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U.S. Co-operation with the Beijing regime, administered by the “China Expert” priesthood, produced a direct threat to the United States by one of the most irresponsible, unpredictable, irresponsible, and dangerous powers in the world.

Yet, the priesthood maintain that their approach is the only way even as PRC’s intransience appeared to have risen to a new level with [arguments](#) that THAAD based in South Korea threaten the [allegedly small nuclear force](#) controlled by Beijing, and Beijing’s insistence on no deployment as a precondition for increasing sanctions on North Korea.

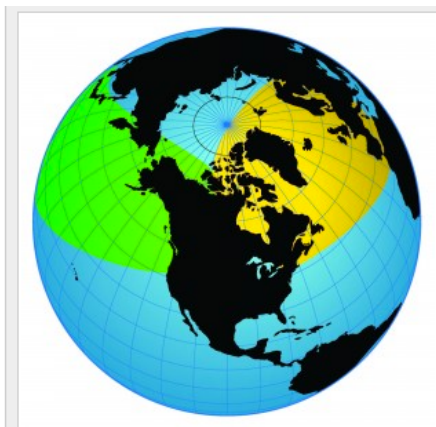
The Beijing Regime alleged that THAADs 10 extra minutes of warning of missile launches from China.

PRC diplomats claim THAAD threatens the “terminal” and “mid-course” phases of their intermediate range and ICBMs.

One perspective is to take Beijing’s statements as technical errors by diplomats poorly trained in the technical details of arms control.

From this, it follows that Beijing’s allegations and opposition to THAAD are technically unsound based on any plausible assessment of THAAD capabilities and the flight path of PRC’s nuclear ballistic missiles.

Chinese nuclear forces are now split between land based silos, road and rail mobile launchers, and SSBNs at very different locations.



This is a notional rendering of the 10 and 2 O'Clock challenge as seen by then Northcom/Norad Commander, Admiral Gortney. It is credited to Second Line of Defense and not in any way an official rendering by any agency of the US government. It is meant for illustration purposes only.

The actual numbers of launchers deployed have sharply risen.

However, if it is the case that the PRC regime in fact have substantially more nuclear weapons deployed than they claimed, particularly on intermediate and short range missiles aimed at Japan, S. Korea, and US bases, it will lead to a very different conclusion.

An increase in warning time of 8 to 10 minutes may not make much of a difference for an ICBM attack on the US. Nor will it make much difference for a retaliatory strike against US allies aimed at population centers consistent with the “No First Use” policy declared by the PRC Regime.

However, reducing the warning time will have substantial impact on the ability of Japan, S. Korea, and US bases like Okinawa, Guam, etc. to activate defense systems like Patriots that defend relatively small footprints like military bases.

Extant anti-ballistic missiles like Patriots and sea based Standard Missiles are only “moved out” on alert, with only a small percentage of the systems held at high levels of readiness.



Shaping a New Sensor-Shooter Relationship in Japan with Aegis, Patriot and THAAD will significantly expand the capabilities of all to defend against first strike threats in the Pacific. (Credit Photo: Raytheon and its PAC-3)

PRC use of “terminal” and “mid-course” terms, rather than being technical errors, it is exactly the right term to describe the course of ballistic missile attacks on Japan and major US bases like Okinawa. PRC knows that early warning and cueing data from THAAD can be flowed to Patriots and Aegis in an integrated ABM system.

If the PRC's intent is to be able to launch a nuclear first strike at installations protected by Patriots and Aegis systems, then their objection to THAAD is technically sound.

Rather than being threatened by a handful of THAAD interceptors, Beijing's plans for a nuclear missile attack on Japan would be frustrated by far more numerous Patriot and Aegis interceptors.

If they are given sufficient warning to be deployed.

It is well known that PRC have substantial inventories of medium and short range ballistic missiles.

A nuclear ballistic missile first strike offers the opportunity to destroy the conventional arms capability of US and allies in the region in a lightning first strike.

If the PRC actually have thousands of warheads as opposed to 250 alleged by a number of arms control advocates, a nuclear first strike aimed at allied military installations makes sense.

The PRC's nuclear arsenal is not subject to any arms control agreements, or any credible verification.

Perhaps Beijing is not as toothless or benign as they want the world to believe.

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BEIJING'S MANY "ONE CHINA POLICIES"

By Danny Lam

President Xi Jinping of People's Republic of China will be promoting "free trade" at Davos later this month. If it is the case that Chinese President is acting in good faith and has the capacity to deliver, it represents an incredible opportunity for the world to reap the benefits of free trade since the original "opening" of China by Deng Xiaoping.

"One China Policy" is the rallying cry of the Beijing based PRC regime and their western "China expert" priesthood. By that, they mean that Beijing should be the sole channel through which foreign relations between the Chinese civilization and the rest of the world should be conducted to the exclusion of other authorities irrespective of whether Beijing have the capacity to contract.

Imagine being able to negotiate with President Xi's Beijing and gain access to a market of 1.3 billion people in one stop!

For centuries, the West uncritically accepted such "One China" policies, dealing with the Republic of China, and before that, the Ching Dynasty and its predecessor the Yuan Dynasty, as if the regime had the legitimacy and authority to conduct business for "China" regardless of the facts on the ground.



Xi Jinping is consolidating his control over the Beijing faction. And follows the "multiple" China policy when governing a country with significant regional dynamics. Credit Photo: Mark Ralston /AFP/Getty Images

Unfortunately, this ended badly when the West discovered, ex post facto, that Chinese regimes they are dealing with in fact, do not possess the Western attributes of a legitimate regime: "monopoly on the legitimate use of violence over a defined territory" (Gewaltmonopol des Staates) that is central to the definition of a legitimate regime in the West from Bodin, Hobbes to Weber.

The PRC regime based in Beijing is no different. Beijing had a tenuous hold on power that for much of its history, and today, does not enjoy a monopoly on violence in territories Beijing claims as its own.

Today, the PRC does not exercise jurisdiction in any Western sense in territories held by Taiwan (ROC), or in territories it claims like Arunachal Pradesh, Aksai Chin, Assam, Jammu and Kashmir, over and above maritime territories claimed by PRC that including the South China Sea, East China Sea, Japan, etc.

The PRC Regime tacitly acknowledge that territories that Beijing regard as exercising "[indisputable sovereignty](#)" like the South China Sea can, in fact, be both in name and in fact under the de jure and de facto

jurisdiction of other sovereign states or other entities, and that the PRC is powerless to enforce its sovereignty claims against armed foreign vessels operating in its “indisputably sovereign” territory.

In other words, the PRC regime do not necessarily exercise sovereignty in the Western sense in territories Beijing considers as theirs with “indisputable” sovereignty, let alone the capacity to enforce trade deals it makes on behalf of their “local” governments.

Since the Beijing regime does not consider a monopoly on violence a necessary and essential feature of “indisputable sovereignty”, there is no reason for Western analysts to project onto the Beijing regime Western notions of what sovereignty means and abide by Western rules that Beijing in fact, does not subscribe to themselves.

Few Western observers recognize that the PRC in fact practices many “one China” policies that no Westphalian state would have accepted.

The PRC has accepted the international recognition of the existence of Taiwan, the Republic of China exercising jurisdiction over Taiwan; and, a similar arrangement for Hong Kong, codified by United States laws like the Hong Kong Policy Act (P.L. No. 102-383m 106 Stat. 1448), and the WTO membership of “Chinese, Taipei” and “Hong Kong, China” that gave international legal recognition to them as a distinct jurisdictions from Beijing that have their own membership and voting rights.

Beyond these examples, the PRC regime’s monopoly on legitimate power is internally constrained by their proclamation of “autonomous regions” that include vast stretches like Tibet, Inner Mongolia, Guangxi, Xinjiang, and “Special Economic Zones” that include many cities and provinces.

Ostensibly, Beijing is a “unitary state” that has no formal, constitutional division of powers between the central government and local authorities like Provinces and in theory, Beijing is supreme.

The reality is Beijing is a very weak center that more often than not, in most matters, act on a quasi-advisory basis to local authorities as long as they display the symbols of obedience and acknowledgement of PRC rule such as displaying the PRC flag.

Beijing’s power to appoint a handful of top officials to “local” governments is not sufficient to ensure that the local authorities do not do their own thing when the Beijing appointees are not looking — which is most of the time.

There is no clear federal or constitutional boundary as to what are the divisions of power between the Beijing regime and the “local” governments or “autonomous regions”.

In practice, it is as much what the “local” or “autonomous” authority can get away with.

That brings us to the problem as to just what powers Beijing have to, a) negotiate on behalf of their “local” authorities, b) enforce any obligations assumed by Beijing (e.g. removing local tariffs and trade barriers).

It is not at all clear that an agreement or treaty signed with the Beijing regime is any more binding than a treaty signed with the Republic of China like the United Nations Charter of 1945 or the GATT signed in 1947. Any sensible observer would have recognized that GATT signed with the ROC made no sense in 1947 when the ROC was not in control of large swaths of China. Yet GATT negotiators had no problem with ROC’s accession to GATT.

The West is now in the process of repeating this mistake.

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The recent behavior of the PRC in the South China Sea suggests that UNCLOS signed by Beijing in 1982 and ratified in 1996 in fact, are not binding on either Beijing or the Southern Chinese Provinces or Theater Military Commands. If these deals that are fundamental and core to freedom of navigation upon which free trade rest are not adhered to by the PRC, why should such petty issues as “free trade” obligations by the PRC be adhered to by highly autonomous local governments?

A deal made with Beijing cannot be assumed to be either enforceable at the local authority level or via Beijing.

At least not in the relevant timeframe for commercial deals of months and at most, a few years, and without resorting to military force as was done in the past. To presume the PRC, especially Beijing's regime will uphold their side of the bargain in a trade deal requires a leap of faith akin to ecclesial beliefs when the authority to negotiate and abide by contractual, or treaty obligations is clearly not effectively monopolized by the Beijing regime over the vast territories it claims sovereignty.

Why should the world be constrained by a “one China” policy making deals when Beijing themselves do not believe in it or rely on it in their exercise of power?

THE HISTORICAL ORIGINS OF THE “ONE CHINA” POLICY

By Danny Lam

The Beijing Regime's strident advocacy of “One China” Policy dates from 1949 when the PRC was proclaimed after the competing Republic of China (ROC) retreated to Taiwan. Between 1949 and 1971, both regimes competed as the internationally recognized legitimate government of “all China”, with the prize of the UN Security Council Permanent Seat for China being held by ROC until October 1971 before the representatives of Chiang Kai-Shek was expelled and the PRC assumed the seat.

Historically, this was no different than when the Republic of China was “founded” in 1911 against the Ching Dynasty after nearly a century of rebellion with many insurgent regimes like the Taiping Heavenly Kingdom, Boxer Rebellion, and the many other local revolts that became competing powers, or states in the western parlance, to the Chings. All of these competitors, particularly the Taiping Heavenly Kingdom, either did or could have become the founder of a new Dynasty.

Indeed, the ROC could just as easily have transformed itself from a Republic to a Dynasty, as General Yuan Shikai, the Second President of ROC did in proclaiming himself Emperor of China in 1915. Any of these competing regimes could have become the successor government to the Ching had they been militarily successful.

This is the context to which Chinese regimes attach great importance to foreigners acknowledging them to be the sole government of “all China.”

Because they know how perilously they cling onto power and how illegitimate they are to the “Chinese” they claim to represent.

Such as it was for the ROC, their authority was uncertain for much of its history, competing with the power of local warlords that had their own military. In this context, the Japanese invasion of Manchuria in 1931 and the subsequent war with ROC in 1937 was a continuation of the competition by the ROC against local authorities.

Japanese was no more an alien order than any other number of ethnic groups that have been lumped together as “Chinese” like the Chings (Manchus are an alliance of northeastern tribes), the Hui (Chinese Muslims), or Mongols (an alliance of nomadic tribes), etc.

Proclamation of the Republic of China in 1911 did not end the competition for power. The abdicated Emperor of the Chings, did not formally collapse for good until Emperor Puyi was expelled from the Forbidden city in 1924, that led to him allying with the Japanese. It only ended when Emperor Puyi of the Kingdom of Manchuko was captured by the Soviets in 1945 and handed over to the Chinese Communist Party after they won against the ROC.

The framing of Japanese vs. Chinese is a fictional construct, at first of ROC propaganda, and then later CCP propaganda that have no basis in fact. It was created to present an illusion of a united “Chinese people” defined by race that in fact, does not exist. The Japanese are just the latest well organized minority group to attempt to conquer China no different from the Chings, or the Mongols, etc. The only difference is the Japanese failed spectacularly when they took on the Western powers before the conquest of China succeeded.

From this historical perspective, it can be seen that the core concern of the PRC with respect to “one China” policy is the regime’s explicit and public acknowledgement of Beijing’s lack of legitimacy in its own territory and its uncertain grip on power within territories they claim for China.

A review of the history of Chinese civilization shows an official record where few Dynasties make it past 300 years, with many Dynasties succumbing sooner, often in as short as 50 years. Sinophiles are fond of bragging that China has a thousand year old civilization yet this is a fictional construct that has awed foreigners who projected Western notions of continuity of governance onto that history.

Reality is quite different.

When Western scholars speak of a government (e.g. Third Republic of France), it is acknowledged and assumed that there is continuity of government between prior and successor regimes. Britain, for example, has been continually ruled by a government traceable to the Norman Conquest with continuity in administration that is recognizable today. Key administrative systems such as systems of property rights, currency, debt, etc. are carried over despite regime change. Thus, a British pound note from 1694 remains legal tender today. To this day, the British Crown honor treaties signed with sovereign native tribes centuries ago in territories still under their jurisdiction.

Chinese regimes, however, do not share these characteristics.

The PRC does not recognize the debts and other obligations incurred by previous regimes like the ROC or the Chings, and to date, despite amassing foreign exchange reserves of \$3 trillion dollars, refused to settle past obligations incurred by predecessor regimes like ROC and the Ching.

Likewise, the PRC eliminated / confiscated / altered property rights, refused to acknowledge prior treaty obligations, terming them “unequal treaties”.

A fundamental characteristic of Chinese regimes is their explicit denial of continuity of government and rejection of the idea of treaty or contractual obligations that bind successor, or for that matter, current regimes over time.

Contrast this with other regimes that have collapsed but ultimately, accepted their obligations as a successor regime and settled: Germany, Japan, Russia. West Germany settled their Nazi and prior era debts and Defense.info

expressly acknowledged their obligation as the successor regime despite being divided for much of the cold war era. Japan settled their World War II debts. Russia, post USSR, settled their legal obligations dating from Imperial Russia.

The PRC is the only major regime that has to date, failed to settle their past obligations, putting them in the same category as Argentina. Chinese regimes, cannot be counted on to accept their lawful obligations regardless of their express accession and ratification to the terms of treaties.

However, Chinese regimes can be counted on to demand their treaty or contractual rights from other states irrespective of whether they fulfill their side of the bargain.

When it comes to claiming privileges and rights, however, the PRC (as the ROC) is not hesitant at all to assert claims based on their version of history, for example, asserting that the PRC own much of the South China Sea, despite the PRC signing and ratification of UNCLOS that expressly extinguished those claims. On the bright side, at least the PRC have not termed UNCLOS an “unequal treaty” to date.

This pattern of denying the obligations of a lawful successor regime (e.g. settling outstanding debts incurred by previous regime), while demanding the benefits of a lawful successor regime (i.e. claiming the ROC's expansive claim to the South China Sea) is a feature of PRC governance that Western scholars have given them a “pass” on.

Generations of Western “China scholars” have glossed over these issues and concealed or downplayed the reality from their understudies.

One wonders what would the world's reaction be when the PRC argues that territories ceded to Russia in the 19th Century, outer Mongolia, and vast stretches of the former Mongol empire are all “Chinese” territories.

PRC can readily do this by producing “historical records” like they have done to support their claim to the South China Sea.

To this date, the West has not explicitly recognized that they are dealing with a regime that fundamentally rejects core principles behind Western governance: continuity of government and acceptance of both the benefits as well as obligations of prior regimes, and the sanctity of contracts and treaties.

Sometimes, the PRC antics lead to outcomes that are humorous and lead the regime to shortchange themselves. During the negotiations for the PRC to rejoin the international trade community, they asserted that the ROC withdraw from GATT in 1950 was illegal and demanded that they resume membership in the GATT as a founding member.

When this argument was made, the international trade community recognized the implications, and quietly decided to foreclose the opportunity by creating a new organization called the WTO. GATT members who were in good standing had one year to transfer their membership to WTO before the GATT became defunct. Because the PRC failed to follow through their assertion of the illegality of ROC's withdraw from GATT by paying the back dues owed to GATT, the PRC was not a member in good standing, and thus, could not join WTO without a fresh application. A fresh application meant substantial concessions that would otherwise not have to be made if the ROC withdrawal was illegal.

On the day the one year period for transfer of GATT membership in good standing to WTO ended, the world trading community breathed a sigh of relief. The frightful scenario that the PRC would have presented payment (roughly USD \$100m) for back dues to GATT and demanded resumption of membership would have

meant the PRC would be a full member with their regime circa 1995 without any concessions being made — a disaster scenario to world trade.

To sum up, “One China” Policy must be a core interest of the PRC because the regime have no illusions on how perilous and weak their grip on power is within China.

For now, there is only one competitor (ROC) that officially competes with Beijing as the government of “all China”.

But there are many others waiting in the wings, awaiting the moment when the Beijing regime’s grip weakens that will emerge.

CHANGING THE TERMS OF REFERENCE FOR TAIWAN: EXPANDING THE STRATEGIC OPTIONS

By Danny Lam

When Chiang Kai Shek’s Republic of China (ROC) retreated to Taiwan in 1949, few Kuomintang (KMT) officials could have foresaw the extended stay in Taiwan, whose people they regarded as traitors and Japanese collaborators --- Taiwanese having lived mostly peacefully under Japanese rule for close to a half century.

Taiwan as a former Japanese colony retained features to this day that are distinctly Japanese in origin, including the system of real property: measured and administered in Japanese derived units. Many administrative systems at the local level are traceably Japanese. Taiwan under Japanese rule was by no means an entirely negative experience, with many public works projects completed by the colonial administration and by Chinese standards, good public administration.

Opposition to the Japanese by Taiwanese nationalists was far less than that faced by the KMT. Nationalist had no formal presence on Taiwan prior to the Japanese surrender of 1945. When the KMT remnants flooded the island in 1949, came as ruthless occupiers.

Not surprisingly, the incoming ROC-KMT was regarded as oppressors by Taiwanese: replacing one set of oppressors (however benign), with another group of defeated KMT officials, soldiers, etc.

Thus, it is not surprising that when the KMT successor generation under President Chiang Ching-kuo relaxed controls and democratized, that the opposition coalesced around the pro-Taiwan Independence Democratic Progressive Party (DPP) despite the KMT’s iron grip on the instruments of power.

Taiwanese have now seen several changes and iterations of government through free elections, with the Presidency and Legislative Branches of government regularly changing hands between the KMT and DPP.

And surprise, things have largely stayed the same.

The ROC remains the formal name and organization for Taiwan, and there has been no serious effort at formal secession to become the Republic of Taiwan.

Meanwhile, the world has changed.

While the ROC is no longer explicitly competing with the PRC for formal international recognition as the government of “all China” as they did under Chiang Kai Shek, the institutional mechanisms and structures supporting that competition remains fully operative.

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Taiwan invests hundreds of millions to maintain formal diplomatic recognition with a handful of states notable for their irrelevance. Relations with a majority of the world's most influential states are conducted "unofficially" as "economic or cultural" ties, and Taiwan is locked out of a majority of international organizations. Efforts to alter the international status quo by the KMT and DPP, by governments from Presidents Lee Tenghui, Chen Shui-bian, Ma Ying-jeou have been proven to be ineffective.

At the heart of the failure by successive Taiwan regimes to change the international status of Taiwan is the persistence of the ROC / Chiang Kai Shek foreign policy goal of seeking formal recognition of ROC as it primary goal to the exclusive of all others. From George Kung-chao Yeh to the present day, Foreign Ministers of Taiwan have placed a premium on symbolic acts by foreign nations such as permitting the display of the ROC flag at the expense of substance.

The epitome of this colossal foreign policy blunder was the effort under President Lee Tenghui to join the UN and get a visa for a "private" visit to the United States, which rather than increasing the "space" for ROC, reduced it even as President Lee's goal was achieved.



When President Lee visited Cornell University, he went out of his way to violate the negotiated understanding with the U.S. to limit the political fallout from the visit, resulting in sterner and strident protests by the PRC for violation of the "one China" policy than necessary. The Lee visit damaged relations with the U.S. for decades, resulting in the downgrading of relations with ROC that persist to this day including lowering Taiwan's access to sophisticated weapons systems.

President Tsai can reflect on the policies under her predecessors and change course beyond the symbolic act of not acknowledging the 1992 consensus.

Without a "clean out" of the foreign policy deadwood and reformulation of ROC on Taiwan's foreign policy with new ideas, there is limited scope for the U.S. and Allies to improve Taiwan's standing even as the threat from the PRC have become the major issue of our time.

The time has come for Taiwan under President Tsai to fundamentally rethink their place in the world and how to break the pattern of the past --- that if unchecked --- will more likely than not, lead to Taiwan's absorption by the PRC in due course.

Formal declarations or moves toward independence as the Republic of Taiwan is an unworkable outcome that will result in a regime that will not have any improvement in international standing, and, risk a war with the PRC that Taiwan can lose. Similarly, improved status for the ROC with its present foreign policy is unlikely to happen.

There is an alternative.

The ROC on Taiwan can unilaterally create a new domestic political system that meets the goal of ending the ruinous war for formal recognition of ROC with the PRC, and yet, at the same time, improves the ability of other states to improve their working relationship with Taiwan without any formal recognition of the ROC that they pledged not to under the “one China” policy with the PRC.

President Tsai’s ROC can unilaterally rewrite their constitution to replace the present Provincial Government of Taiwan with a new Province of Taiwan government that will be delegated all the powers of the ROC.

That is to say, all powers including taxation, administration, foreign affairs, justice, and defense except it is only limited to territories defined as within the Province of Taiwan.

Once that is done, the ROC can then vote themselves out of existence (or to become a vestigial organ like the appendix) with a constitutional amendment that ROC President (like the Governor General of the Crown) will only act on the advice and consent of the newly established Province of Taiwan, and have the power to override the legislative, judiciary and control branches of the government.

All but the President of the Executive branch of the ROC will be placed in suspended animation with officials and legislators except the ROC President tendering their resignation and not replaced. The ROC President is appointed by the Province of Taiwan and serves at the pleasure of the Province. In effect, ROC will no longer exist for practical purposes and serves very much like a symbolic head of state.

This strategy will enable the ROC to exit from explosive issues like its 9 dash line claims in the South China Sea, and a host of issues related to ROC claims.

It will enable “diplomatic” relations to be conducted directly by the Province of Taiwan via their Provincial Representative Offices abroad.

The issue of ROC being a competing “China” to the PRC is entirely sidestepped and the U.S. and Allies will have a fig leaf to plausibly argue that extensive relations with the Province of Taiwan in no way challenge the “one China” policy.

There is a viable way ahead to allow Taiwan to expand its global role without the debilitating dominance of the PRC manipulation of a “one China policy.”

PRIME MINISTER’S ABE’S PREPARATION FOR THE NEXT PHASE OF ASIA PACIFIC POLICY

By Robbin Laird

Notably, Prime Minister Abe visited Donald Trump shortly after his electoral victory. After a meeting at Trump Tower in mid-November 2016, Abe had this to say:

Japan’s Prime Minister Shinzo Abe described Donald Trump as a “trustworthy leader” after meeting the U.S. president-elect on Thursday to get clarity on statements Trump had made while campaigning that had caused concern about the alliance.

Abe, speaking after the hastily arranged 90-minute meeting at Trump Tower in Manhattan, reporters: “The talks made me feel sure that we can build a relationship of trust.”

<http://www.reuters.com/article/us-usa-trump-japan-idUSKBN13C0C8>

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Then in a landmark visit, he joined President Barak Obama at Pearl Harbor to remember the past in order to shape the future.

Prime Minister Abe thanked the United States for helping to rebuild Japan after the attacks.

"Under the leadership of the United States, Japan, as a member of the free world, was able to enjoy peace and prosperity," Mr. Abe said.

"The good will and assistance you extended to us Japanese, the enemy you had fought so fiercely, together with the tremendous spirit of tolerance, were etched deeply into the hearts and minds of our grandfathers and mothers."

https://www.nytimes.com/2016/12/27/us/politics/pearl-harbor-abe-obama-visit.html?_r=0

Not to put too fine a point on it, the Japanese Prime Minister obviously was highlighting the importance of the farsighted role the United States played after the war, it would be good to see again at this period of significant change.

It is difficult not to believe that we face a year of upheaval.

Contemporary history is learned on the fly; it is not about inherited skills; it is about shaping skills appropriate to one's age and with an old one ending a new one opening we shall see if we are up to the challenge.

Abe's current trip in the region is about reinforcing frameworks and shaping practical ways ahead to deal with regional challenges.

This month Prime Minister Abe has gone on the road to meet with the leaders of the Philippines, and Australia to lay the ground work for moving a strengthened security relationship forward prior to the emergence of any Trump Administration policies for the region.

He is also visiting Vietnam and Indonesia as well.

The visit to the Philippines from January 12-13 2017 followed an earlier visit by President Duterte last October.

In both visits, Abe made it clear that he was concerned about Chinese influence in the Philippines and offered aid and other support for the Philippines to shape a strengthened Japanese-Filipino relationship.

In an interview with the Manila Bulletin, Prime Minister Abe highlighted that he would support the Philippines in a number of key ways.

Japanese Prime Minister (PM) Shinzo Abe promised to be the Philippines' strategic partner in nation-building through the expansion of trade and investment links between the two countries and by providing sustainable development efforts in infrastructure, public safety and counter-terrorism, and anti-illegal drugs measure..... Prime Minister Abe also wants to take on an active role in ensuring adherence to the rule of law and to maintain "peaceful, stable, free, and open seas" particularly in disputed areas in the South China Sea, by closely working with regional country leaders, including President Rodrigo Duterte who is chairman of the Association of Southeast Asian Nations (ASEAN) this year.

"The Philippines and Japan are both island countries and maritime nations. Thus, our countries' safety and prosperity depend exactly on 'peaceful, stable, free, and open seas'," he emphasized.

"It is for this reason that Japan has consistently been advocating for respecting the rule of law at sea," Abe stressed.

According to the Japanese leader, the conflict over the sovereignty of a large portion of the South China Sea has become a common concern to members of the international community, including Japan; as such matters are directly linked to regional peace and stability.

"The South China Sea holds sea lanes that are crucial not only to the regions around it, but also to the growth of global economy," Abe pointed out.....

The two leaders also emphasized the need to ensure maritime safety and security which are vital elements for the peace, stability and continued prosperity of both countries in the region.

Maintaining open and stable seas is essential in the region. The two leaders shared the view that the South China Sea holds sea lanes vital for global economic activity and viability. In this regard, the two leaders stressed the importance of freedom of navigation and over flight, as well as anti-piracy efforts and cooperation.

<http://news.mb.com.ph/2017/01/13/japan-will-support-ph-nation-building-through-trade-maritime-security-pm-abe/>

Prime Minister Abe then visited Australia and met with his counterpart from January 13-15 2017.

A key development was the deepening of the defense agreement signed with previous governments. **Significantly, the agreement deepened the kind logistical and support arrangements for the joint forces which can expand their capabilities to work together, notably as new systems are added to the forces.**

The importance of the Japanese and Australian relationship in the defense and security of the Pacific region is growing in its significance.

And this dyadic relationship may well turn out to be even more important as the Trump Administration is working through its way ahead in dealing with the defense and security challenges in the Asia Pacific region.

As Secretary Wynne noted with regard to the intersection of the evolving Aussie-Japanese relationship and the coming Trump Administration:

"The US should welcome the camaraderie and potential leadership of both Japan and Australia in addressing Freedom of the Seas.

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They can bring stability and strength integrating their region around the core principle of free and open transit for commerce between the rest of the world and in the region.

Coupled with a common front line F-35 aircraft and mutually supportive Naval fleets, the two countries capabilities and leadership will allow for great negotiation strength.

This is a trait that the incoming U.S. administration values world class partners.”

According to a piece published in the *Japan Times* published on January 14, 2017, the upgraded agreement was highlighted.

Under the revised Japan-Australia acquisition and cross-servicing agreement (ACSA), the Self-Defense Forces will now be able to supply ammunition to the Australian military.

At a news conference, Abe and Turnbull underscored the importance of their cooperation, as well as trilateral cooperation with the United States, and its significance for the Asia-Pacific region.

Turnbull said the agreement “improves the capacity of our defense forces to provide each other with logistical support during exercises, operations and other activities.”

Abe also said the two nations are “working to sign an agreement by the end of this year” to allow better cooperation on training and joint operation between the SDF and Australia’s military forces.

The move is also in line with Abe’s drive for “proactive pacifism,” characterized by new security legislation expanding the role of the SDF in various areas.

The legislation, which has prompted public criticism that Abe seeks to erode the pacifist Constitution, allows Japan to supply ammunition to foreign defense forces responding to situations deemed to have an “important influence on Japan’s peace and security.”

The provision of weapons and ammunition was excluded from the past version of the ACSA, which came into force in January 2013. The pact enabled the SDF and Australian military to share food, fuel and other supplies during U.N. peacekeeping operations, international relief operations and joint exercises.

Both leaders confirmed their intention to work together with the incoming Trump administration. In a statement, they affirmed that their respective alliances with the United States “remain as relevant and important today as they have been for over six decades.”

“We will work closely with the coming administration, as we have been, to advance the region’s interests and our shared goals,” Turnbull said at a joint news conference after the summit.

Abe said he and Turnbull had “confirmed our intention to solidly coordinate with the incoming Trump administration....

“It is more necessary than ever before for Japan and Australia, as special strategic partners, to play a leading role for regional peace and prosperity, as we both share common values such as freedom, rule of law and democracy,” Abe said.

“We’ve confirmed our commitment to the rule of law, free trade, open markets in our region — the foundation upon which our prosperity, and that of billions of other people in our region, depends,” Turnbull added.

<http://www.japantimes.co.jp/news/2017/01/14/national/politics-diplomacy/abe-arrives-australia-talks->

turnbull-security-trade/?utm_source=Daily+News+Updates&utm_campaign=455e1db00a-Sunday_email_updates15_01_2017&utm_medium=email&utm_term=0_c5a6080d40-455e1db00a-332756961

Abe next visited Indonesia.

The trip to Indonesia also underscored the importance of the Japanese-Indonesian working relationship to support the rule of law in the maritime domain.

As an article published by [The Japan Times](#) which focused on the meeting between Prime Minister Abe and President Joko “Jokowi” Widodo highlighted:

The two countries will also strengthen maritime cooperation with regard to the Indonesian Navy’s patrolling of areas in the vicinity of the Natuna Islands.

“Maritime cooperations is the top priority” for Tokyo, Abe told reporters.

The Indonesian Navy has been alert in monitoring and patrolling near the Natuna Islands. It has also been cracking down on Chinese fishing boats operating illegally in its exclusive economic zone.

Abe also announced that Tokyo will provide Indonesia with yen loans worth ¥73.9 billion for irrigation and coastal protection construction projects.

In response, Jokowi said the two leaders had agreed to hold a “two plus two” meeting of their defense and foreign ministers in Jakarta by the end of the year.

China recognizes Indonesian sovereignty over the Natuna Islands but at the same time argues that the two countries have overlapping claims on maritime rights and interests in the area that need to be resolved — an assertion Indonesia rejects.

Indonesia has also proposed cooperating with Japan on oil and gas exploration in the isles’ vicinity.

On other matters, Jokowi and Abe both agreed to closely communicate with U.S. President-elect Donald Trump on maintaining peace and stability in the Asia-Pacific region. They also reportedly agreed on the importance of the “rule of law” and peacefully solving disputes — an apparent allusion to the territorial disputes in the South China Sea.

Finally, on January 16, 2017, Prime Minister visited Vietnam and met with President Nguyen Xuan Phuc.. This completed his regional tour and laid out a clear way ahead with regard to maritime security and enforcing a rules based international regime.

According to The Japan Times, Abe pledged new security related aid to Vietnam during his visit.

Prime Minister Shinzo Abe said Monday that Japan will provide six patrol vessels to Vietnam as a part of a fresh yen loan offer totaling ¥120 billion to the Southeast Asian country to help its maritime safety efforts amid China’s expanding activities at sea.

The patrol vessels are aimed at enhancing bilateral cooperation, Abe said at a news conference following talks with his Vietnamese counterpart, Nguyen Xuan Phuc, in Hanoi, held at a time when uncertainty is looming over incoming U.S. President Donald Trump’s commitment to the stability of the Asia-Pacific region.

Vietnam is embroiled in a territorial row with China in the contested South China Sea, along with four other governments.

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Although Japan is not a claimant in the South China Sea disputes, it remains concerned about China's growing military presence in the busy shipping lane and is keen to maintain a rules-based order at sea.

Tokyo meanwhile is involved in a dispute with Beijing over the Japanese-controlled Senkaku Islands in the East China Sea that are claimed by China.....

On the South China Sea, Abe stressed that Japan places a high level of importance on upholding the law and solving disputes peacefully.

"The issue of the South China Sea has drawn the attention of the international community and directly affects the peace in the region," Abe said.

Maritime security cooperation is of the utmost importance for fellow maritime nations Japan and Indonesia, he added.

"Japan will actively encourage cooperation in maritime security and the development of the remote islands in Indonesia," he said.

http://www.japantimes.co.jp/news/2017/01/16/national/politics-diplomacy/abe-jokowi-unite-south-china-sea-disputes-plan-two-plus-two-meeting/?utm_source=Daily%20News%20Updates#.WHzsc7GZMQ9

In short, Abe is not sitting on his hands waiting for the Trump Administration.

He is actively working to strengthen relationships in the region in and of themselves but also to strengthen his hand with Washington and to prepare the ground for evolving relationships with China as well.

TO WHOM DO WESTERN "CHINA EXPERTS" OWE THEIR ALLEGIANCE?

By Danny Lam

President Elect Trump's 10-minute phone call with President Tsai of Taiwan was a watershed event that marked the great divide between the Kissinger-Nixon era of foreign policy toward China and the Trump era.

At the beginning of the Kissinger-Nixon era, the US was faced with a heavily armed Soviet Union allied with a nuclear-armed PRC with what appeared to be unlimited manpower.

Detaching the PRC from the Soviet orbit fundamentally altered Soviet calculations and accelerated their decline was a prize.

Today, the problem is reversed.

The US and allies are faced with a [heavily armed, well financed Communist Chinese regime](#) and a weak, non-communist Russia with little to fall back on except nuclear weapons.

Normalization of relations with the PRC was accomplished through the issuance of [three communiques](#) in 1972, 1979, and 1982 that defined the relationship. In those documents, the PRC and US explicitly acknowledged their differences. "There are essential differences between China and the United States in their social systems and foreign policies." (para 8, 1972) and made clear that the differences are only papered over temporarily for the sake of peace.

Temporarily is the operative word.

Detaching PRC from China required more than just diplomacy.

Michael Pillsbury, beginning 1975, initiated relationships with the PRC's military and intelligence establishment that ultimately resulted in the [transfer and sale of torpedoes, helicopters, and fighter upgrades](#) that impressed the PLA of the superiority of the US. During the Sino-Vietnam war, the Carter Administration authorized the transfer [of artillery locating radar](#) to the PLA bogged down by determined Vietnamese resistance.

This strengthened Deng Xiaoping's hand and enabled him to carry out the "opening" reforms that also saw his rivals in the PLA eliminated that enabled the Deng reforms.

With the collapse of the Soviet Union that steadily progressed from 1987, it appeared that it is a matter of time before the tide reached Beijing given the rampant inflation and mismanagement of the economy.

All these efforts came to an abrupt halt as a result of Tiananmen Square in 1989.

The PLA playing a highly visible role in suppressing the uprising resulted in the downgrading of these nascent ties and an arms embargo imposed on PRC by the US and allies that lasted to this day.

As a result of this, it turned the Beijing regime's military inwards and [increasingly hostile](#) to the US.

What was [missed by Western analysts and "China Experts"](#) that focused intensely on Beijing is that Tiananmen was not a uniform problem throughout China. Most of the relatively prosperous southern coastal Chinese provinces did not play more than a token part in the opposition to Beijing.

The economic and social forces that resulted in university students in Beijing being mobilized in opposition to the regime were either not present or weak in these areas. Likewise, there was little sign of the kind of unrest in the periphery of the Eastern Bloc that presaged the breakup of the Soviet Union.

The southern coastal provinces were doing quite well in the post-Deng "opening" and content to pay off Beijing to leave them alone.

The way it was always done.

It is fair to say that the US and Allies enacted a post-Tiananmen policy that was flawed from the start by uncritically and gullibly assuming that what they saw in Beijing represented all of China.

The consequence of being misled by events and dynamics in Beijing was dramatic. The formal ties to the PRC regime were strained by Tiananmen, but the commercial ties to the southern provinces continued to prosper uninterrupted. WTO accession negotiations continued and PRC [won accession in November, 2001](#).

Within two decades, southern China became the economic dynamo that made it possible for the Beijing regime to command the world's largest foreign exchange reserves, preside over a dynamic economy second only to the US, and more importantly, fund one of the [largest, fastest, and sweeping arms buildup in history](#).

Western "China Experts", however, continue to hang onto the Beijing centric view of China in interpretation of the motives, intention, interests and behavior of different parts of China.

This divergence is clearly visible during the past week with the THAAD and Trump-Tsai call issue.

The Beijing based regime and the PLA/N's [Northern and Central Theater commands](#) behavior toward the South Korean and Japanese THAAD behavior is suggestive that this cluster has a [Nuclear First Strike Policy and Posture](#) aimed at US and Allied military bases in the Northeast Asian region.

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This is evident in their willingness to undertake highly provocative and threatening moves like simultaneously testing 10 DF-21 ballistic missiles prior to the Trump-Tsai call.

On the other hand, PRC's Taiwan policy has traditionally been driven by the [Shanghai clique](#), who was initially muted and then slow to respond to the Trump-Tsai call.

When the Beijing Regime did respond over the weekend, it was almost [perfunctory with obligatory denunciations](#) in People's Daily and Global Times, but nothing concrete.

This is consistent with the Shanghai clique being far more invested in access to the world market and exposed to trade and economic sanctions being proposed by President Elect Trump.

The disconnect is shown by no mention or concern by the PRC Foreign Ministry with the highly provocative and threatening move last week and an explicit threat to US forces published in Xinhua that stated: "The missiles ["can destroy U.S. Asia-Pacific bases at any time"](#) while officially protesting the Trump-Tsai call.

Nor discussion of the [campaign](#) against South Korean economic interests.

Aggregating PRC regime behavior into "China" cannot explain these differences in observed behavior within the space of one week on two issues that are so closely and tightly tied to national security and longstanding norms: The US adherence to the "One China" policy being breached, and the PRC explicitly demonstrating a credible nuclear first strike capability at US installations.

"China Experts" had to deal with cognitive dissonance that perhaps, it is not a coherent policy coming out of Beijing after all.

The Priesthood of Western "China Experts" who are quick to denounce President Elect Trump's call to President Tsai and, accused him of "[not very well prepared](#)", [ignorant, incompetence, rash](#), apparently failed to recognize that the move was [long planned](#), intentionally provocative, and indicative of a substantial change in China policy — largely frozen since Kissinger-Nixon.

The fact that not a single western "China Expert" that publicly critiqued President Elect Trump's call with President Tsai even mentioned the PRC's ballistic missile test as provocation and threats to US the same week raises serious questions as to whom they owe their allegiance to? Beijing or America?

The alternative explanation that western "China Experts" were ignorant about the provocation shown on Chinese television and issued in a Xinhua statement, is even more damning.

The Trump Administration began the task of understanding China as a vast civilization of many ethnicities, nationalities, cultures, languages, economic, social and political divisions whose differences are no less dramatic than Europe, or Eurasia or Africa or the Indian subcontinent.

The "provocation" this week exposed Beijing, the master franchisor of the PRC brand, and their collaborators for what they really are.

This is a great beginning to forging a new set of foreign policies toward the Chinese civilization.

By tangibly and visibly supporting longtime allies like [South Korea](#), [Japan](#), and [Taiwan](#) as Beijing ramps up their [campaign](#) against them can provide a solid way forward.

SOUTH CHINA SEA BEYOND BEIJING

By Danny Lam

The South China Sea “Sea Grab” is no less an egregious violation of international law than a “Land Grab” by Russia in the Ukraine.

Both cases are virtually identical in that a treaty defined international boundary or limitation was violated. Though in the SCS case, it was, a priori, violated by multiple overlapping claimants.

Both cases upended the post-war norm that international boundaries should not be altered by force.

Yet the international community’s response has been tepid and limpid in SCS when it involves China’s island creation on features and formal military occupation. The result is hardly any different from Russia’s “green men” seizing control of the Crimea, running a “referendum” and then annexing the territory.

[Negotiations](#) with Beijing and the competing claimants, [Creating Codes of conduct](#), [Lawfare](#), [Strengthening regional allies](#) Brokered settlements, [FONOPs](#) by the US have all been tried to moderate the behavior of the competing parties and none of these have worked for any length of time or to any degree.

There are substantial differences in Chinese behavior in the SCS compared to other territorial disputes with India, Pakistan, Taiwan, Japan, Korea, and Russia.

In theory, the “unequal treaty” and “century of humiliation” propaganda narrative of the CCP would suggest that the claim over 1 million km² of resource rich land lost to Russia would be highest on their “recovery” priority after Taiwan.

But in practice, there is little or no correlation between Beijing’s priority from any number of rational actor calculations and how and what particular issues are pursued.

ADIZs are imposed over East China Sea and not followed in SCS. Island hopping and land reclamation is not pursued in disputes with Japan and Korea. No action is taken against Russia. That speaks to the importance of local factors and interests.

That begs the question of what are the local interests driving PRC behavior in the SCS beside Beijing?

While certain issues are clearly local, such as the rapid depletion of fishing stocks concomitant with explosive growth of highly subsidized fishing fleets or the existence of oil and gas resources. Other issues revolve around securing the approaches to the Hainan Island naval base have strategic dimensions.

The formal “take over” of the Republic of China narrative and claim only happened in the 1990s after the PRC signed and acceded to the UNCLOS, which should have in theory, extinguished the ROC claims and also provided a framework for negotiated settlements with other claimants. Yet that is not to be.

Today, the PRC is at once, the largest beneficiary of rights of freedom of navigation around the world granted under UNCLOS, and the largest single beneficiary of protection given to Chinese shipping by the US and Allies around the world.

China, in that respect, is the largest and most egregious free rider in the world. China benefits immensely from UNCLOS worldwide, but when it comes to Chinese obligations under UNCLOS in the South China Sea, their failure to deliver on treaty obligations is obvious.

Whereas Russia was immediately and in no uncertain terms condemned and sanctioned for their behavior in the Crimea and Ukraine, China, to date have suffered no consequences whatsoever for the same behavior

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beyond an unfavorable ruling from the Permanent Court of Arbitration (PCA) in The Hague, and a few minor diplomatic slights.

The question then is how can such Chinese behavior be sanctioned, and done so in a way that do not just aimed at Beijing, which has proven ineffective. But sanctions targeted at the Southern Chinese, or coastal interests that are the largest beneficiaries from the rights and privileges granted by UNCLOS.

FONOPs challenges by US warships and aircraft have been infrequent and fraught with risks of accidents or mistakes that can quickly escalate to a major international incident. Moreover, to date, close allies of the US have been reluctant to participate. It also a play to the CCP narrative of “century of humiliation” that can result in a propaganda victory and strengthen the Beijing CCP regime domestically.

Militarily, passages of US warships and aircraft give the PLA/PLN the opportunity to practice detection, intercepts, drill, and ready for the day when conflict will break out in an area where Chinese A2/AD capabilities are the strongest and the US the weakest. A different approach is needed.

Rather than a military challenge to the Chinese claims, a civilian based challenge may be far more effective. Most ocean going vessels on international voyages are fitted with vessel based Automatic identification system (AIS). This is in turn supplemented by satellite based AIS that together, enable most major vessels to be tracked around the world. Vessel position and voyage data is routinely collected and archived by governments.

The US and allies can effectively transform every civilian vessel equipped with AIS into a FONOPs operation by unilaterally enacting a new regime to discourage unlawful claims under UNCLOS.

For example, in the case of particularly troubling Chinese claims like the Spratly Islands close to busy shipping lanes that have been found to be invalid by the Permanent Court of Arbitration, the US can unilaterally declare that shipping that transit through unlawfully claimed seas (even though they are allowed passage by the), will be barred from entry into US territorial waters.

Enactment of such a policy and its enforcement will lead to neutral shipping giving the unlawful Chinese claims a wide berth. Chinese flagged shipping that transit run the risk of being refused entry if they are chartered to US ports.

Should the claims expand, the “no go” area expands.

These moves will induce a real, quantifiable cost to the Chinese maritime and trade dependent coastal Chinese community that is likely to alter the calculations and behavior of southern Chinese provinces.

PRESIDENT XI’S FOREIGN POLICY TOWARD THE TRUMP ADMINISTRATION: STATUS QUO ANTE

By Danny Lam

Americans have a long history of not seeing the trees for the forest when it comes to East Asia.

During the Korean war, UN forces were amazed by the human wave assaults by Chinese troops and implicitly presumed that the PRC had endless reserves of manpower based on its population even as General Ridgeway’s strategy of using massed firepower dulled the offensives and ultimately, enabled UN forces to pursue peace talks based on status quo ante bellum.

Little noticed was that human wave attacks by Chinese troops were mostly former soldiers for the KMT regime that the CCP regarded as disloyal and security risks. Incoming dynasties customarily disposed of troops loyal to former regimes by making them front line troops. The CCP tasked them to invade Taiwan, be PVA in Korea, or otherwise deployed on [frontier adventures](#).



Celebrating the good old days. U.S. President Barack Obama, left, walks past Chinese President Xi Jinping during a welcome ceremony for the Asia-Pacific Economic Cooperation (APEC) summit at the International Convention Center in Yanqi Lake, Beijing, China Tuesday, Nov. 11, 2014. (AP Photo/Ng Han Guan) .

When that supply ran low and the CCP began to have to use the much smaller cadres of trusted communist PLA troops, CCP enthusiasm for the war dwindled very quickly.

Incidents that devastated the morale of Mao Tse-Tung and members of the ruling circle escaped notice in the west. For example, Mao Anying, the elder surviving (and only fit) son of Mao Tse-tung who was killed in Korea on November 25, 1950 by an UN Airstrike in a supposedly safe rear area was not well recognized and exploited.

Had PVA command and control nodes that are staffed by loyal CCP cadres with ties to high ranking officials been specifically targeted, it would disproportionately impacted regime behavior.

The weakness of detailed local knowledge has hindered US policy toward China in general, resulting missed opportunities.

Detailed knowledge of familial, clan, provincial, ethnic, linguistic and other ties is what is needed to understand Chinese signals and meanings and to dissect local from so called national interests.

When President Xi Jinping told President Elect Trump by phone, "[facts have shown that cooperation is the only correct choice](#)", it could be interpreted in at least two ways:

Pleading for cooperation as opposed to conflict between the between United States and the People's Republic of China; or, Preserving a monopoly by Beijing on relations with the United States.

It follows from this that President Xi is pleading for is for the Trump Administration to not bypass Beijing on key issues and to endorse the CCP/PRC monopoly of power that, de facto, it may or may not have.

In Western diplomacy, acceptance of a recognized regime's monopoly on legitimate power is explicit and recognized regimes are rarely bypassed even when facts on the ground clearly dictate otherwise, like the interregnum between the proclamation of the PRC in 1949 and de-recognition of the Republic of China (ROC) in 1978.

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With a limited agenda between the US and PRC well into the early 1980s, beginning with Kissinger's initiatives and [Nixon's visit in 1972](#) it was readily managed and tightly controlled by the Priesthood of Western "China scholars".

This arrangement worked well before the "opening" of China by Deng Xiaoping that unleashed a China that much more closely resemble China historically, where local authorities are subservient to the Emperor in name, and are free to do much as they pleased as long as the Emperor received their taxes and the visible manifestations of obedience to Beijing were adhered to.

Chinese civilization of the 21st Century, however, found the priesthood of Western China Experts that focused on Beijing increasingly out of touch with the widening and divergent interests of different parts of China.

Beijing centric interpretations of policies have faced challenges in explaining the lack of consistency in regime behavior across regions:

For example, the declaration of an ADIZ in East China Sea was not matched by similar moves in South China Sea. Nor are the island building ventures in South China Sea replicated elsewhere.

Divergences like this raise questions as to what are the local dynamics that are driving Chinese policies, rather than Beijing's official policies.

China experts, because of their predominant training in one dialect and their preponderance in a few major Chinese cities, are an obstacle for a more nuanced understanding and foreign policy under the Trump Administration toward the many Chinese "local" authorities.

Crafting a nuanced set of foreign policies toward the different parts of China that simultaneously recognizes the limitations of Beijing's power and influence, and the diversity of interests, behavior and concerns that make up the vast Chinese civilization require an expansion of capacity and broadening of expertise that will take time.

Meanwhile, acceding to Xi's demand for a monopoly plays right into Beijing's hands as it enable the regime to play off issues like the North Korean Nuclear Threat, South China Sea Grab, Trade, Currency, Climate Change and many other issues all at once with a Washington Foreign Policy priesthood eager for diplomatic "solutions".

In Western diplomacy, the dominant paradigm is to compartmentalize differences and disputes to within a particular policy area, and to limit / prevent its bleed / spread to other issues. If there is a trade dispute that is not settled amicably through legitimate mechanisms, sanctions by one party are limited to that trade area.

Example: France once restricted customs clearance of Japanese VCRs to one small custom post, causing month's long tie-ups. Japan retaliated by issuing a "health" regulation that Perrier water had to be boiled.

Notably, at the height of US-Japan trade disputes in the 1980s, the military-strategic relation was never impaired or disrupted. China, and particularly the Beijing regime, however, do not follow this protocol.

Astute observers will notice that there is a noticeable correlation between the diminishing of US and Allied pressure on China in key areas like trade, currency manipulation, intellectual property theft, state-sponsored hacking, human rights, and the flaring up of strategic issues like North Korea, South China Sea, confrontations with Japan, etc.

Every one of these “crisis” have been used by the Beijing regime to make themselves indispensable, knowing that the priesthood of “China experts” in the US and allied regimes will back China up and cause the US to back down or sideline lower priority issues.

The priesthood of China experts has nowhere to go except Beijing, and cannot afford to appear to have no influence.

Beijing is happy (after intense negotiation and hard bargaining) strike deals that appear to meet key US and allied demands for the priesthood of China experts to deliver to Washington.

Beijing, in turn, can rely on the lack of consequences from the US when they [fail to deliver on their commitments](#), or to only [deliver for a brief period](#) (to make it look good), and then renege, confident that Washington will have lost interest or focus on the issue.

With rapid turnover of Administration staff and the revolving door to and from K-Street lobbying firms, Beijing can count on whoever playing “hardball” with them on one issue to be needing to be on Beijing’s payroll, either directly or indirectly for US firms that have interest in China in due course.

At the same time, Beijing can by diktat, in the short and medium run, threaten US economic interests with [highly visible moves](#) that impact iPhone sales, Boeing, American automakers, agricultural imports, or the old trick of limiting or encouraging mass diversions of Chinese tourists and students studying abroad. Indeed, this explicit threat was made along with President Xi’s call to President Elect Trump.

It is in this context that [President Xi’s advocacy for “Free Trade”](#) at the APEC meeting has to be understood.

Xi’s Beijing regime wants “free trade” where OECD nations that have a bona fide, legitimate monopoly of power to open their markets to Chinese products under the existing regime.

However, there can be no expectation of reciprocity or expectations of fair dealing by the local Chinese authorities to foreigners whose governments negotiated the deal with Beijing.

Post “deal”, the regime in Beijing that have little interest, let alone power to enforce terms Beijing agreed to, and is happy to use the traditional tactics of bureaucratic delay, obfuscation, and use of formal dispute settlement mechanisms to stall as long as possible — while other pressing issues move up the agenda.

Demands on Beijing to honor deals can be frustrated in any number of ways, ranging from “the next strategic crisis”, to the facility with which Beijing can carry out “barbarian management” operations.

Chinese diplomats are competent at calculating the impact of their actions on particular constituencies; estimate their impact on particular legislators in Congress or Administration officials, as any lobbyists.

They have watched how their counterparts from Taiwan played Congress and the Executive Branch, and lobby State Governors and state houses over the decades, and have adopted the same tactics.

While there are extensive efforts to coordinate foreign policy between US and Allies, there is far less coordination in economic policy beyond macro issues (e.g. currency valuations, trade balances, etc.) toward China.

This opening is exploited by Chinese by salami slicing.

Slicing and dicing US and allied interests has been effective because the US and the closest allies do not speak with one voice.

Defense.info

There is no economic and trade equivalent to NATO, and in particular no equivalent to Article 5 in dealing with Beijing when the regime target a particular OECD nation.

China routinely successfully mount [retaliatory moves](#) against key US allies. For example, punishing the UK by diverting business to EU for meeting with the Dailai Lama knowing that no EU member or the US backed UK on a minor issue by standing united. Or disrupting Japanese interests by singling them out for persecution.

Similarly, when US firms are targeted for a shakedown like Qualcomm for “anti-competitive” practices, there was [no action of consequence](#) from the Obama Administration beyond verbally raising the issue, let alone efforts to form a united front of western interests and tit-for-tat retaliation.

President Xi goal toward the Trump Administration is status quo ante.

Xi knows how to exploit the present system that makes US and allied foreign policy ineffective except for the biggest issues between Beijing and Washington such as preventing all-out Nuclear War, or enabling perfunctory access to the Chinese market for western interests.

In order to be effective in reform, President Trump will have to secure a consensus within OECD to develop a common policy toward the tactics routinely used by Beijing and be willing to use the leverage.

Beyond that, China must face immediate, measurable, quantifiable consequences for their behavior targeted at not just Beijing, but the local Chinese interests most concerned with the issue and most able to influence behavior.

This is not statecraft in the western sense. But it is statecraft nevertheless.

THE CHALLENGE OF ADAPTING WESTERN STATECRAFT TO DO A WORK AROUND ON BEIJING

By Danny Lam

Western Foreign policy towards China have been focused on interactions with Peking since the Jesuits found a place in the Ming Court at the expense of understanding the dynamics of the vast civilization nominally ruled by present day Beijing.

Extending diplomatic recognition and permitting the PRC to assume the UN security council seat continued this pattern. For a brief period after the communist victory early in 1960s until the mid 1970s the Beijing regime can be said to maintain a credible grip on the Chinese civilization and dealing with Beijing was both necessary and sufficient for the problems of the time.

By the 2000s, Beijing’s monopoly on power has diminished to a more traditional arrangement whereby PRC based in Beijing retained only a monopoly on legitimate power in China except Taiwan.

Provinces, beginning with the coastal areas, began to break loose from Beijing.

Few Western observers noticed the increasing divergence, culminating in the events of Tiananmen Square in 1989 that had modest, if little impact in the relatively prosperous southern provinces.

Within the past decade, the divergences in interests and policies between Beijing and the coastal provinces have escalated.

The disputes over South China Sea in the 2000s have regional drivers and origins that are ill understood outside of China. The western “China expert” priesthood, by focusing on interactions with Beijing, have largely missed this regional dimension.

In order to better understand regional dynamics, western analysts have to develop linguistic skills, contacts, and analytical perspective native to the Guangdong / Southern China region. Yet, few of the China priesthood are fluent in languages like Cantonese, tagalore, Bahasa, etc. – the lingua franca of south china sea nations.

Whereas it is generally reckoned that every electronic device within Zhongnanhai is in theory capable of being monitored, resulting in a good understanding of the personnel and decision making processes in Beijing, there is a paucity of intelligence as to the actors, motives, and intentions that are driving the moves attributed to Beijing in the South China Sea.

In many instances, we do not know much beyond the names of military commanders except for the top officials of the military region or regional constabulary (which is most likely a Beijing appointee).

Without details as to the personnel down to the third or lower tiers of command, their relationships to other interested parties (e.g. Coast Guard, Fisheries Patrol) and the businesses that have interests in the issue, particularly the local PLA/PLAN owned or controlled firms, and their relationship with regional counterparts, it is difficult to understand their behavior and policy making process.

For example, we cannot judge the relative weights of fisheries, hydrocarbon resources, local (vs. PRC) defense considerations, vs. face, pride, institutional momentum, and other motives that is driving the ostensibly PRC-Beijing policies for land reclamation and other sovereignty assertion activities.

Consequently, western analysts are strained to explain how the PRC can declare an expansive AIDC in East China Sea, and apparently have little interest to do so in the South China Sea that they claim as “blue earth” worthwhile enough to invest substantial resources to reclaim land and fortify.

Nor do we understand how [the 9 dash claim was inherited](#) by the PRC, with Beijing endorsing and adjusting the claim by placing it on passports and maps.

A plausible explanation of such divergences in behavior is there are at least three different local governments/local PLA/PLAN driving maritime policy, with different calculations and thought processes and different interactions with Beijing who strain to explain this as a consistent policy to the “barbarians”.

Thus, while the [Shanghai clique](#) have traditionally driven the policy of non-negotiable claims regarding sovereignty over Taiwan by Beijing, there is little impetus to push on the issue of Okinawan independence as an issue for Beijing from the local governments (Tsingtao/Qingdao) or the new Northern Command military region directly concerned.

Similarly, the deafening silence on PRC’s claims to [lands ceded to Russia](#) that in fact, have a stronger basis in their renegotiating opposition to unequal treaties is a contradictory policy that cannot be understood without consideration of local policies and calculations of cost and benefits.

The keys to solving these puzzles is recognition that the People’s Republic of China’s Beijing regime has evolved very much into a classical Chinese regime where the power of the central government is more symbolic than real.

It is, in that respect, best understood as a Master Franchisor in a relatively loose franchise arrangement with individual Provinces or local governments or military regions as franchisees.

The Franchisor have the power to command obedience on a limited number of highly visible and obvious issues that signal the symbolic obedience to the Beijing regime: flying the PRC flag, having the approved local government or military organization on paper, and the right of Beijing to name top local officials and occasionally, selectively enforce a few draconian laws. But what actually happens at the local level on a day to day basis is very much left to the devices of local governments or PLA regional commanders.

There is a striking parallel with the Ching Dynasty diktat that all adult males must shave their forehead and braid their hair into a queue as a [symbol of obedience](#) to the Ching court. Failure to comply with the Manchu queue was obviously visible and punished by death.

With the exception of those rare instances where the Ching dynasty was willing to enforce a diktat (e.g. banning cheap British opium imported from India that was undercutting Chinese opium), which directly led to the Ching Dynasty losing the opium war and compelled to settle on unfavorable terms, the Ching regime largely left the autonomous provinces alone provided that they remitted requisite taxes to the court. The real foreign policy of southern China was locally determined largely by the Cantonese themselves, with the wealthy merchants being key players.

This picture of de facto highly decentralized “foreign policy” leads one to ask very different questions as to what would work in working with the local authorities that are presently driving Chinese foreign policy in the South China Sea.

Pressure on Beijing, per se, is counterproductive in two ways:

First, if pressure on Beijing managed to induce Beijing to act (after Beijing negotiated many concessions on issues that is likely irrelevant to the Southern Chinese provinces) and watered down the demands, it is likely to last only as long as Beijing pressure on the relevant actors are intense. That will come, and like any Chinese government campaign, go after a brief period, and then it is business as usual.

Second, a Beijing centric policy ends up strengthening Beijing, which directly countering western interests compared to the alternative of a more diffused China with competing interests that can be more reasonably dealt with.

Western foreign policy have a long tradition of pragmatism: dealing with counterparts that can credibly and reliably deliver the goods irrespective of their official standing or reputation for brutality or barbarism.

In this vein, President Roosevelt and Prime Minister Churchill saw nothing wrong with working with Stalin to defeat the greater evil of Nazi Germany.

Nixon and Kissinger exploited the divisions between communists to weaken the Soviets.

In this vein, working with the local interests and authorities that can deliver an acceptable solution to the South China Sea disputes that preserve the substance of UNCLOS may be more important than the symbols.

In order to do so, it will require a fundamentally new orientation away from the present Beijing centric strategy.