

CANADA AND THE NEW PACIFIC PARADIGM

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Relieved by the peaceful resolution of the Cold War, troubled by tribal turbulence in central Africa, and electrified by Al Qaeda's audacious attacks on 9/11, many Canadians failed to appreciate that these developments were being eclipsed by a far more profound phenomenon, the shift in the world's center of economic, political and military gravity from the Atlantic to the Pacific. 1979 was a pivotal year in this process, a year in which two old men made fateful decisions. 1979 marked the beginning of the end for one ideologically moribund empire, the Soviet Union, when Leonid Brezhnev ordered Russian divisions into Afghanistan. It marked the beginning of the beginning for another, the People's Republic of China, when Deng Xiaoping asserted heretically that "to make money [was] good".

For the first time in five-hundred years, Europe no longer set the global agenda. Wearied by wars, seduced by the pleasures of peace, and confounded by the complexities of constitutionalism, Europeans had begun to turn inwards. For the most part, the states of the European community had lost the will to rule. Instead, captured by post-modern concepts, they forfeited their sovereignty voluntarily, while those 20th century European emotions of nationalism and sovereign sensitivity reappeared elsewhere, this time in Asia.

China lies at the heart of the New Pacific reality. China is a paradox; a country at once powerful but poor, possessing the world's largest cash reserves and encompassing over half a billion poverty-stricken farm folk. The speed and magnitude of China's revitalization over the past twenty-five years have been astounding and unsettling. The Chinese economy has grown by approximately 10 percent per annum throughout this period. By way of comparison, the economies of Latin America have grown by about 10 percent in the entire period! Determined never to be humiliated again, as they were in the 19th century and the first half of the 20th century, the Chinese have become increasingly – and justifiably – proud of their accomplishments. While they continue to genuflect in the direction of Mao Tse-tung, it is nationalism and capitalism rather than communism that animates the People's Republic of China. However, untrammelled growth has come at a cost. Ironically, it constitutes as much of a dilemma for the Chinese leadership as it does for heads of government in capitals like Washington, London and Ottawa. The former are obliged to cope with the destabilizing potential associated with the wildly asymmetric distribution of wealth within the country; the residents of conurbations on the coast earning upwards of ten times what their seven hundred million rural compatriots do. The latter are obliged to decide whether China's explosive growth constitutes an opportunity or a threat. On the one hand, there are those who would argue that American consumers, for example, have been subsidized by the avalanche of cheap Chinese goods that have descended on the US economy over the past decade or so. On the other hand, there are those who would argue that China's almost inexhaustible supply of cheap labour will eviscerate industries elsewhere. Compounding those fears is uncertainty about China's endgame. Will China be content to be a great regional power or will she seek to be the

next global superpower? Foreign policy analysts point to the fact that China's defence budget has grown at a double-digit rate for upwards of seventeen years. Against whom, the US Secretary of Defense, Donald Rumsfeld, once queried are the Chinese rearming? This paper explores these and other issues associated with the reordering of the geo-strategic architecture of Asia and what these changes mean for Canada, economically, politically, and militarily.

China's rise constitutes a dilemma for major states like India, Russia and the United States. Conventional wisdom maintains that states on the rise disturb the status quo and shift the global correlation of forces in a way that can easily be perceived as threatening. The deep ambiguity that lies at the heart of the threat-opportunity debate has been captured in that curious Beltway conflation – “conengagement” – half containment, half engagement. Most China watchers have concluded that China does not constitute a threat, not least in the short to mid-term. What the Chinese leadership wants more than anything is peace, good order and predictability. The Chinese cosmos tends to rotate around two poles – chaos and control. The history of China has been blighted by chaos, much of it, like the Cultural Revolution in the 1960s, self-inflicted. Hu Jintao and his colleagues realize that despite China's dazzling growth the nation is poor by European standards and that it will take another decade of undisturbed development for per capita incomes to reach those in Portugal. In the interval, Beijing has to wrestle with a daunting array of internal problems. The Chinese environment is on a knife edge. Rampant industrialization has destroyed the rivers of China, polluted the air, and accelerated desertification. The banking system is over-exposed, societal unrest is endemic, and

Beijing has constantly to worry about feeding its voracious industrial machine with energy and raw materials.

That said, Chinese leaders have proven remarkably adept at riding tigers off in different directions at the same time. They have avoided the Russian disease, sustained the legitimacy of the Chinese Communist Party (although the legerdemain involved in this exercise is becoming increasingly obvious) orchestrated China's entry into world affairs as a seemingly sensitive and non-threatening participant, overseen the gradual dismantling of the dinosaurian and bankrupt State Owned Enterprises, fielded increasingly silky and accomplished diplomats, and said enough of the right things about human rights to mollify most of their critics. It has, in fact, been a bravura performance, an accomplishment with few equals.

China's emergence on the world stage has been coincident with (and contributed to) another important phenomenon, namely the reorientation of the nation's traditional axis of interest away from the Asian interior toward the sea. The same can be said for India as well, although New Delhi has not enjoyed that serendipitous blend of skilful diplomacy and geo-strategic good fortune that has left Beijing's continental boundaries so secure. These reorientations have contributed to what is, arguably, the most dynamic maritime era in recent memory. By virtually any metric, this is a period of breathtaking maritime activity. Once again, China lies at the heart of many of these developments. A few examples will suffice. Long the world's third largest shipbuilders, the Chinese are intent on becoming the world's number one by 2015. Similarly, they are the largest producers of maritime containers or TEUs, they have had the largest TEU throughput in the world

for the past four consecutive years, and they are on course to have the world's greatest megaports. They already have fourteen ports that can handle one million TEUs per annum (Vancouver handled 1.7 million in 2006) and they stood up Caofeidan, a vast new iron ore port in only nineteen months.

At the same time the Chinese have begun to develop a major Green Water navy with Blue Water aspirations. This is an uncharacteristic development since, traditionally, the Chinese paid relatively little attention to naval matters or, when they did in the 20th century, they cleaved to the Soviet vision of a token coastal and riverine force that provided flanking support for the army. However, the Chinese appear to have become unselfconsciously Mahanian, reasoning that great nations have great navies and great navies buttress great nations. There is a curious irony about all of this. At a time when western navies (long proponents of Mahan) are in decline. China is moving in the opposite direction. It is not, of course, merely a question of national pride. The Chinese are the ultimate pragmatists and the globalization of their trade (for example, China's container traffic to the United States – 8.5 of the 24.7 million container arrivals in US ports in 2006 – is greater than the next ten countries combined) and their mounting dependence on imported energy has rendered it imperative that they have a navy capable of securing their sea lanes of communication. There is of course another pressing reason for indigenous sea power – the unresolved problem of Taiwan. What Beijing wants to do is to achieve sea denial or even sea control capability in the waters around what they considered to be an un-reincorporated island province. What complicated matters inordinately is uncertainty about an American response to Chinese military operations

against Taiwan. Beijing has long maintained that if Taipei declares independence a casus belli will exist and China will be justified in occupying Taiwan. What is unclear is the nature of Washington's response if China moves against the island state. The Americans have exploited the ambiguities associated with their relationship with Taipei for decades in order to keep the Chinese off balance. More recently, the Bush administration has tended to constrain Taiwan's political ambitions but the unresolved nature of the Taiwan problem continues to be central to American contingency plans for the Western Pacific. The US Quadrennial Defense Review or QDR in March 2006 provided explicit recognition of the new and emerging geo-strategic balance of power in Asia.

Accordingly, Washington decided to allocate its military assets asymmetrically in favour of the Pacific. Six of the navy's carriers are to be stationed in the Pacific as well as sixty percent of the USN's submarines. Guam is to be developed as a major point d'appui, close up to the Asian shore, the repositioning and reduction of US forces in South Korea is to be completed, and US-Japanese security arrangements further refined. At more or less the same time as the QDR was being published, the USN put forward the concept of a 1000-Ship Navy. This concept originated from two realities. First, the USN had undergone dramatic reductions over the past twenty years. In the mid 1990s, the then Secretary of the Navy, John Lehman, with the blessing of President Ronald Reagan, had advanced the idea of a 600-Ship Navy. That goal was never achieved. The USN had about 580 ships when the end of the Cold War robbed the concept of legitimacy and urgency. Since then, the USN has fallen to approximately 276 ships (some sources say 281) and is struggling to rebuild to 313 ships by the middle of the next decade. This is

easier said than done because shipbuilding programmes like the Littoral Combat Ship or LCS have been plagued with cost overruns. Currently, the cost of LCS prototypes has risen from USD \$250 million to USD \$400 million. This is a matter of grave concern in Washington where the fifty or so LCS are seen as the future workhorses of the navy, hunting enemy submarines in coastal waters, waging war against enemy surface vessels, and determining the whereabouts of mines. At the same time there are equally grave concerns about the capacity and capability of the American shipbuilding industry to build warships at a greater rate even if funding were available.

It is important to note that these concerns are not confined to the USN alone, even though a special case could probably be made in the face of the powerful budgetary imperatives associated with the Iraq war and the Afghanistan conflict. The Royal Navy, for example, has reduced the number of its frigates and destroyers from roughly 52 to about 27.

Indeed, there are critics who maintain that the two big carriers, scheduled to be built for the RN, will be so costly that the navy will not be able to afford enough surface combatants to escort these capital ships. Similarly, the Canadian Navy is faced with the daunting task of replacing its aging destroyers, providing mid-life refits for its frigates, bringing its four submarines into service after costly and prolonged upgrades, and replacing its elderly AORs or oilers, all this at a time when Afghan operations are imposing relentless demands on the defence budget.

What the Americans have conceded in the 1000-Ship Navy concept is that they are suffering from what the British historian, Paul Kennedy, has labeled “imperial

overstretch”. Perversely, the post cold war era has seen international commitments rise for all of the navies cited while financial resources have moved in the opposite direction. Like the Royal Navy on the eve of the First World War that sought naval support from the dominions, the USN is seeking to supplement its capabilities with assistance from so-called like-minded navies. For the Canadians, at least, all of this amounts to business as usual. For upwards of a decade, the Canadian Navy has been, arguably, more closely integrated with the USN than any other navy in the world; at first complementing US carrier battle or surface action groups and then coming to replace individual US warships altogether in these formations. This association, while highly beneficial, does raise two questions, however. Will the Canadian Navy, and more importantly other navies in the 1000-Ship Navy community, be able to keep up – in other words, remain interoperable – with the USN in the face of increasingly rapid technological change? And what will the USN’s greater focus on the Pacific and Indian Oceans mean, downstream, for the Canadian Navy? The latter has been engaged since the autumn of 2001 in coalition naval operations in the northern Arabian Sea over and against Al Qaeda and related terrorist groups. Canadian flag officers have served repeatedly as the seconds-in-command in Coalition Task Force 150 and distinguished themselves in this role. But will the Canadian Navy find itself drawn into other operations in these two oceans as a result of its intimate association with the USN?

There is a second dimension to or rationale for the 1000-Ship Navy concept and that is an increasingly powerful realization that the world’s oceans – and the largely unregulated high seas, in particular – constitute the last great global frontier, a universal commons if

you will, that obliges the maritime community to work together in its defence. Thus, the American vision is driven, in part, by a higher calling; that it is imperative for navies and coast guards to work together to preserve the peace and well being of the oceanic domain. There is a distinct element of urgency about this clarion call. Each and every day we are confronted with incontrovertible evidence as to the finite quality and exhaustibility of the world's oceans, no more so than in the Pacific and Indian Oceans where fish stocks are declining precipitously, coastal pollution is rampant, and maritime disputes abound. Faced with the seemingly inexorable growth of the Chinese Navy and corresponding army and air force capability, Washington has begun to recalibrate its relationships in the Indo-Pacific region. The Americans have forged new ties with Manila, in an effort to assist Filipino forces in their war against Muslim terrorists, reinforced their already strong relationship with the Australian Defence Force, and built a significant strategic axis with New Delhi, that has manifested itself largely in the maritime realm. The Canadians have been slow to follow suit, deterred for many years from building a closer relationship with the Indian Armed Forces because of principled opposition to New Delhi's nuclear tests in May 1998. By the middle of this decade Ottawa's approach had become very nearly dysfunctional. On the one hand, the prime minister was designating India as one of Canada's top priority nations, while, on the other hand, contact with the immensely influential IAF was being actively discouraged. More recently this counterproductive approach has been abandoned and Canadian, Indian and American warships took part recently in a trilateral naval exercise, Exercise MALABAR off India's west coast.

The Chinese have taken a restrained but jaundiced view of American military relationships in the region. When they look outward from Beijing they see American forces in South Korea, Japan, Okinawa, Guam, the Philippines, Australia, Singapore, India, Pakistan, Afghanistan, the Central Asian Republics and even Mongolia. This, they would argue, is proof of American containment. However, they realize the importance of working quietly to exploit anti-American sentiment throughout the region and working overtly to build bridges with Washington as illustrated by their recent decision to host General Peter Pace, the chairman of the US Joint Chiefs of Staff.

Beijing's relations with Tokyo are far more problematic. Sino-Japanese interactions have been haunted by the legacy of history and the Chinese have been relentlessly critical of what they see is the abject failure of successive Japanese governments to atone sincerely for Japanese atrocities in China during the Pacific War. For their part, the Japanese maintain that the Chinese Communist Party has failed to be forthright about its own sins of commission and Tokyo is increasingly alarmed by the steady growth of Chinese military power. The moment of truth, the Japanese 9/11 as it were, came not out of China but out of North Korea in late August 1998. On 31 August Pyongyang launched a three-stage Taepodong missile, portions of which passed over the Japanese Home Islands before crashing into the North Pacific. This event galvanized the Japanese public like none other in recent memory. Long fixated by Japan's anemic economy, Tokyo decision-makers were jolted into the realization that the nation's top priority was hard security rather than economic reform (not that the two can be easily disaggregated). This realization was further underscored by bin Laden's attacks on the World Trade Center

and the Pentagon. The then prime minister, Koizumi, was quick off the mark, promising assistance to CTF 150 despite the fact that he lacked any enabling legislation that would empower him to do so. Almost overnight, the Diet enacted the requisite legislation and Japan dispatched the first of many warships to the Indian Ocean in logistical and intelligence support of coalition naval forces. This was history in the making because this was the first time since 1945 that Japanese warships had seen service in the Indian Ocean. At the same time the Japanese embarked on a joint programme with the Americans to develop a sea-going, anti-ballistic missile system that could be deployed in the Sea of Japan over and against any North Korean missiles, and recalibrated their defence relationship with Washington in such a way that it left Beijing in doubt as to whether Japan would come to the assistance of the United States in any Sino-American conflict over Taiwan.

The Japanese have laboured under the self-imposed constraint of collective security for sixty years; a prohibition designed to restrict Japan's security activities to one partner alone – the United States. Recently, however, there are signs that the Japanese are beginning to shed this incubus. They entered into a fairly robust security agreement with the Australians in March 2007 and participated openly in a trilateral naval exercise in the Pacific involving and Indian Navy task force of five ships and ships from the United States Navy. These developments have taken place over and against other telling changes, namely the upgrading of the Japanese Defence Agency to full cabinet status and the continued re-evaluation of Article 9, the so-called 'no war' clause, in the national constitution.

The Japanese live in a tough neighbourhood. They fought the Russians repeatedly, they reduced the Koreans to colonial status from 1910 to 1945, and they waged a long and brutal war with the Chinese. They are technically still at war with the Russians. They are alarmed by North Korea's acquisition of nuclear weapons, and they are deeply worried about China's long-term ambitions. Indeed, the Chinese are particularly difficult neighbours, fanning anti-Japanese sentiments, disrupting Japan's off shore claims to oil and gas, and penetrating Japanese waters repeatedly. The new Japanese prime minister, Abe, has tried to revitalize the Sino-Japanese relationship and Hu Jintao has sought to reciprocate but there is a deep legacy of mistrust, not to say hatred (entertained, sadly, even by the youngest Chinese) that continues to bedevil the relationship.

The Russians find themselves in an awkward position in the new geo-strategic environment. Janus-like, they face Europe and Asia. Which should be their priority? Traditionally, their national interests have tended to oscillate between the two, but, more recently, they appear to have plumed for Europe, despite the fact that their one-time satellites have all opted for EU and/or NATO membership, thereby turning their backs resolutely on the past. Fortunately for the Russians, who have a long history of artistic genius and dull thuggishness, they have been buoyed lately by oil and gas windfalls and the authoritarian leadership of Vladimir Putin. While outwardly friendly towards Beijing, the Russians are very concerned about the way the correlation of forces in Eurasia has shifted to their disadvantage. The Russians and the Chinese staged a well publicized military "peace" exercise in 2005 and Hu Jintao traveled to Moscow in March

2007 to stimulate the modest levels of bilateral trade between the two nations, but both sides view the other warily. In fact, some analysts in Moscow fear that, overtime, the Kremlin will lose control of the huge, thinly populated Russian Far East to the Chinese. And yet, the Russians need the Chinese there to stimulate the lagging economy there. Thus, the Russians find themselves in a quandary. Their indigenous arms industry is kept alive by sales of weapons to China, but they dare not contemplate a future in which China emerges more powerful, militarily, than Russia. When Mao Tse-tung came to power in 1949 he made a pilgrimage to the Rome of the Communist world, Moscow. He waited for weeks like a supplicant, to have an audience with Stalin. Now it is Putin and his entourage who come to Beijing, the new anti-Marxist/Leninist capital. Paradoxically, the Russians and the Americans have the same short and long-term problems. For the Russians, it is the Muslim forces in Chechnya. For the Americans, it is the Muslim factions in Iraq. For both, it is the Chinese.

It is also the Chinese for the Indians. While they profess cordiality toward the Chinese and work diligently to foster bilateral trade, the Indians see the Chinese as their number one threat. The late Indian defence minister, George Fernandes, was candid enough to say so in public. The Indians, heartened by steady economic growth (although still far behind China's) and ties with Washington have become more openly ambitious of late, declaring themselves the natural masters of the Indian Ocean; an inherently exclusionary posture that does not sit well with lesser powers, like Pakistan.

New Delhi perceives a slow and steady expansion of Chinese interests into and around its ocean. Indian analysts point to the way the pariah state of Myanmar is being sucked inexorably into the gravitational field of the Chinese economy. More specifically, they highlight the establishment of Chinese communications intelligence facilities on the Myanmar coast opposite Port Blair in the Andaman Islands, where the Indian Navy has its eastern fleet headquarters. Further, they point to China's USD \$400 million investment in the deep-water port of Gwadar in Baluchistan in western Pakistan. Gwadar is China's biggest foreign aid project to date and some in New Delhi fear that it will be used by the Chinese to influence maritime affairs in the western Indian Ocean.

Central to these fears is China's growing dependency on imported energy, much of it from the Middle East and Africa. In the past decade, Beijing has sought to diversify China's sources of energy worldwide, developing links with the Sudan, Angola, Iran, Saudi Arabia, Latin American nations like Venezuela and Colombia and even Canada. In fact, the development of Prince Rupert as a container port and Kitimat as an energy port are tied directly to China's export driven economy and to demand for oil and gas. Much of China's energy, however, will transit the Indian Ocean rather than the Pacific, passing through the Malacca and Singapore Straits on its way to termini on the Chinese coast. Some would argue that it is well within the realm of the possible to picture Chinese naval vessels operating in the Indian Ocean, ostensibly to protect China's vital SLOCs. It is hardly surprising, therefore, that India has begun to develop relations with Indonesia, Vietnam and Japan, pushing its own maritime frontier into China's ocean, the Pacific.

This review has been confined to the great powers in the region. But a host of critical issues arise when we examine conditions in the regional middle powers like Pakistan, Indonesia, and the Philippines. One of the most important phenomenon is the spread of terrorism, much of it originating in Pakistan, to Muslim communities in the other two states. We now know that there are far-flung and complex webs of personalities and organizations (many of which re-invent themselves for the purpose of survival) linking terrorist cells in the southern Philippines, in Java and in the tribal regions of western Pakistan. These cells are dangerous, intolerant, and millenarian, constantly threatening national stability and imposing a huge price in human life. For the most part, the terrorists are naïve, romantic and deadly. While they operate at the sub-state level their actions have (and continue to) effected all of the states that we have discussed, whether it be Uighurs in China, Pakistani terrorists operating against the Indian parliament in New Delhi, or Chechnyans in Russia. Feeling impotent and marginalized in the face of globalization and the larger geostrategic forces at work in Asia, the terrorists have taken up residence in the interstices between the states, leveraging the media to multiply their power.

And what of Canada? Canada's trade across the Pacific exceeded its trade across the Atlantic almost a quarter of a century ago but this development was lost sight of as Canada's trade dependency with the United States deepened dramatically over the same period. Clearly, that is something of a cartoon because some goods from Asia flow, for example, through the United States to Canada and vice versa, but the general magnitude of Canada's trade dependence with the US – roughly 87 percent – remains inescapable.

Ottawa is also very much a product of the Quebec/Ontario reality. While 38 percent of British Columbia's trade in 1996 was with Asia only four percent of Ontario's trade was with Asia. Ottawa's worldview was shaped accordingly. Furthermore, almost all of the decision-makers in Ottawa came of age in a profoundly Atlanticist era. They are familiar with London, Berlin, and Paris but not with far off Shanghai, Seoul, and Singapore. Thus, as the importance of Asia has become more and more incontrovertible Canada has drifted off course, captured by momentary flirtations with Eastern Europe and Latin America. The trade figures tend to paint a rather unreassuring picture with Canada's share of Asian trade falling for almost every country in the region. More recently, there have been public declarations about the importance of Japan, China and India and while trade has grown nominally in these markets the competition is Darwinian and as one senior Canadian diplomat opined, "its just to easy" to do business in the United States.

Currently, Ottawa is pursuing a bizarrely counterproductive policy towards China, roundly criticizing China for its egregious human rights record. While the record is, indeed, egregious, Ottawa will not advance Canada's interests – certainly not in the trade realm – by taking Beijing to task publicly on this issue. The Chinese are sage enough to realize the dictates of Canadian domestic politics, but they still do not take kindly to public embarrassment. There have, of course, been some traditional trade overtures, but their effectiveness is severely compromised by Ottawa's current body language.

Things are also challenging in the defence realm. There is no equivalent to NATO in East Asia, no reassuring framework where roles, expectations and personalities are well known. Instead, there is a welter of large and small states, haunted by history, reluctant

to share secrets, and fearful of concepts of transparency to which many in the west have become wedded. Moreover, there are acute language problems for Canadians operating in Asia, a lack of common military heritage, and daunting problems of scale. How, for example, should the Canadian Forces build a relationship with the People's Liberation Army, forty times its size? Clearly, one must start small but even this prospect has been consigned, consciously or unconsciously, to the all too difficult file. Whereas NATO grew organically out of the wartime alliances of World War II, there is, seemingly, no organic starting point in Asia. That said, the CF comes to the table with considerable advantages. To begin with it has no agenda, no legacy of imperial adventures, no reputation other than that of outstanding professionalism. The CF knows the American military culture intimately, but is not American. Thus, it has common ground with the Japanese and South Koreans, for example, where both Asian militaries have been long affiliated with the American armed forces. What is more, the Canadians bring skills with them – peacekeeping, vessel boarding, counter-insurgency, humanitarian relief, and so forth – that Asian militaries, large and small, are keen to learn. But, for the moment Canadian military attention is riveted on Afghanistan, abroad, and institutional transformation at home. Asia seems far away, lacking in urgency, and, for many, irrelevant. Is this the voice of pragmatism or parochialism or both?

What this paper has sought to reveal is that there is now a fundamentally new global paradigm at work. The speed with which this paradigm has taken shape has caught all but the most prescient by surprise. Traditionally, we feared a China that was too weak. Now we fear one that is too strong. The much vaunted “rise” of China has dramatically

re-ordered the geo-strategic architecture of Asia, and, indeed, of the world. Japan, the great Asian economic dynamo for decades (and still the region's greatest economy), is slowly being overhauled slowly. China is assuming Japan's role as the animator of regional economies. The United States, despite its commitments in Southwest Asia, has begun to look more and more closely at its role in the Indo-Pacific region. And, parenthetically, we need to think of these two different oceanic complexes as one, integrated by burgeoning trade and energy flows. India has emerged as numero uno in the Indian Ocean while Russia manoeuvres uneasily for advantage and influence in the background. Canada has, in many ways, been on the sidelines captured by economic opportunities in the United States and too parochial to have an aggressive strategy for engaging Asia militarily, politically or economically. This is not to say that Canada does not have a place in the new Asian order of things, but it is bereft of energy and vision. That, sadly, is a commentary on its caution, self-absorption, and lack of daring.