

The Age (Australia)
April 19, 2005

A looming rival tests American diplomacy

By Michael Gawenda

The US is struggling to cope with the growing influence of China.

Last week the United States Department of Trade and Commerce announced that the US trade deficit in February reached a record \$US61 billion (\$A79 billion). On the same day, The Washington Post reported that there was increasing concern in the Bush Administration over the rapid modernisation of China's military.

Seemingly unrelated, the American trade deficit and China's military build-up are nevertheless pointers to the complex, sometimes fraught and often contradictory relationship between the world's only superpower and China, which is not yet in a position to challenge American global supremacy but which is heading there.

To a large extent, this relationship and how it develops - whether the potential for conflict, especially over Taiwan, can be dealt with through diplomacy, whether trade friction between the US and China can be contained - is the key foreign policy challenge America faces.

As one foreign policy analyst put it: "The United States has never been great at dealing with countries that are neither friends nor enemies. Traditionally, the US has wanted to divide the world between countries that are for us and countries that are against us."

When George Bush was elected, many of the key foreign policy advisers in the Administration argued that the Clinton administration had been too soft on China.

That was the view of the neo-conservatives and of Vice-President Dick Cheney. China remained a threat to the whole of Asia, and was ruled by a ruthless communist regime that had to be contained by security treaties with key Asian allies. Any military move by China against Taiwan would trigger a military response by the US.

The terrorist attacks on September 11 changed all that. The focus of US foreign policy shifted to the Middle East and the war on terror. The US needed - and received - China's support and co-operation.

Now, with tension rising between Japan and China over the possibility of Japan becoming a permanent member of the UN Security Council, and with China embarked on a total overhaul and modernisation of its military, the Bush

Administration is showing signs of increasing anxiety about China's intentions in Asia.

In recent weeks, Cheney, Defence Secretary Donald Rumsfeld and Secretary of State Condoleezza Rice have told congressional committees they are concerned that China's military overhaul, including the updating of its nuclear arsenal, could lead to an arms race in east Asia and the destabilisation of the region.

There is also a growing perception in the Administration that China is not doing as much as it could to bring North Korea back to talks and that if China really got tough and threatened to cut off aid and electricity, the regime would quickly return to the negotiations.

The foreign policy challenges are complicated by growing trade friction between the two countries.

The record American trade deficit in February tells a striking story: while US exports remained flat, imports surged, with oil imports up 10 per cent, which was not surprising given the rising price of oil. But imports of textiles and clothing from China were up almost 10 per cent. China's trade surplus with the US is running around \$US16 billion a month. In foreign policy terms, the Bush Administration is concerned that China's rapid military transformation is designed to make it impossible for the US to come to the aid of Taiwan if China invaded. China significantly raised tension over Taiwan in March when its parliament passed legislation authorising the use of force if Taiwan amended its constitution and declared independence.

Adam Segal, a senior analyst at the Council on Foreign Relations, believes the anti-secession law was an unfortunate move by China but that there had been growing alarm in the Administration about China's military strength.

"The language about China's military modernisation has become more alarmed," he says.

"China's military is certainly not on a par with the US military... but China does not have to be a peer competitor to be a threat."

This is why the US remains determined to do whatever it can to persuade Europe not to lift the arms sales ban on China, fearful that if countries such as France and Germany sold China sophisticated military technology, it could eventually be used to threaten America's naval forces in the region.

According to The Washington Post, Bush has decided that the US and China should begin holding regular senior-level talks on political and security issues to minimise the risk of "misunderstandings".

Writing in the February edition of *Foreign Affairs*, Francis Fukuyama, professor of international political economy at Johns Hopkins University and a leading conservative intellectual, argues that the US has to devise a proper "security architecture" for Asia that acknowledges China's rising economic and political influence.

"East Asia has inherited a series of alliances from the early days of the Cold War," he writes. "These partnerships remain important as a means of providing predictability and deterrence. But a decade and a half after the fall of the Berlin Wall, it is increasingly evident that they do not fit the configuration of politics now taking shape."

Michael Gawenda is United States correspondent.

Copyright © 2005. The Age Company Ltd.