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Discussion Paper

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Session III: Confidence Building Measures: European Experiences and Asian-Pacific Practices*

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I. European Experiences and Asian Practices: From Confidence Building Measures to Confidence Building Process

As an important security concept and policy instrument, Confidence Building Measures (hereafter CBMs) played a crucial role in stabilizing East-West relations during the Cold War. CBM can be broadly defined as diplomatic and military measures to reduce tensions and avoid conflict among states. A classic definition of CBMs is offered by Johan Jorgen Holst, who defines CBMs as “arrangements designed to enhance such assurance of mind and belief in the trustworthiness of states and the facts they create.”¹

A more narrow definition of CBMs, originated in the Cold War context of the East-West confrontation in Europe, refers to security practices of arms control and other measures taken by the competing Soviet and Western blocs.² Most CBMs adopted in the early Cold War era were limited to cooperation in the military realm, such as increasing military transparency, establishing channels of communication in the security area, and implementing verifiable arms control measures, etc. An embryonic form of CBMs appeared in 1955, when the establishment of the Warsaw Pact cemented the bipolar Cold War structure in Europe. A Soviet proposal to enhance “mutual trust” between the two blocs through a neutral international organization, which would carry out ground inspections of important transportation infrastructures in member countries and request information of arms control and military budgets, was met with the so-called Open Sky policy by U.S. President Dwight D. Eisenhower. The East-West détente in the early 1970s ushered in the signing of the Helsinki Final Act at the Conference on Security and Cooperation in 1975. The Helsinki Final Act codified a set of principles and rules of conduct that embodied the tenet of CBMs. In the following decades, CBMs became an integral part of security regimes designed to lessen military confrontation and promote disarmament between the two blocs, as embodied in the Stockholm Document in 1986 and the Vienna Confidence and Security Building Measures Document in 1990.³

Since the end of the Cold War, the European experiences of CBMs have been increasingly transported to other regions, including the Asia Pacific. Compared to Europe, where the enlargement of North Atlantic Treaty Organization (NATO) has led to the emergence of a transatlantic “security community”, tensions and conflict in the Asia

¹ Johan Jorgen Holst, “Confidence-Building Measures: A Conceptual Framework,” *Survival*, January/February 1983, p. 2.

² It is not unusual for scholars to distinguish narrowly defined CBMSs from broadly defined ones, see M. Susan Pederson and Stanley Weeks, “A Survey of Confidence and Security Building Measures,” in Ralph A. Cossa ed, *Asia Pacific Confidence and Security Building Measures*, Washington DC: The Center for Strategic & International Studies, 1995, p. 82.

³ For a brief introduction of the evolution of CBMS in Europe, see Heinrich Gleissner, “The European CSBM Experience”, UN Department of Disarmament Affairs, *Disarmament Topic Papers 7: Confidence and Security-Building Measures, from Europe to Other Regions*, New York: UN Publication, 1991, pp. 3-7.

Pacific are only on the rise: territorial disputes, military confrontation, historical enmity— all of which render CBMs all the more imperative for the Asia Pacific region.⁴

However, the Asian practices of CBMs did not completely follow the European experiences. Rather, CBMs, as practiced in the Asia Pacific, took a distinct trajectory. Indeed, CBMs in the Asia Pacific have become what Aileen S.P. Baviera calls as a “Confidence Building Process (CBP)”.⁵ In a sense, CBPs might be considered as an expansion of CBMs.

CBP differs from CBMs in important ways: first and foremost, it applies CBMs to the issue areas traditionally regarded as “low politics”, i.e., economic cooperation and social exchange, paving the way for political cooperation and security mutual trust. The following table provides a succinct typology of CBMs.

Table 1. Typology of CBMs

	Unilateral	Bilateral	Multilateral
Military CBMs			
Communications		Hotlines, regular bilateral dialogue	Track two dialogues
2. Transparency	Defense white paper; arms registry; notification measures	Observance at military exercises; intelligence exchange	Common outline for defense publications
3. Consultation		Joint commission	ARF; ASEAN Senior Officials Meeting
4. Goodwill	Policy of non-interference in internal affairs	Visits, cross-training; code of conduct	Code of conduct
5. Constraints	Rules of engagement; no first-strike declaration; troop reduction	Non-aggression agreement; troop reduction agreement	Code of conduct, Disarmament and demilitarization agreements
Economic CBMs	Aid, investment	Preferential terms of trade	
Socio-Cultural CBMs		Increased people-to-people links	
Political CBMs	Curbing propaganda	Contacts between political parties, parliaments, judiciary	

(Source: Baviera, “Bilateral Confidence Building with China in Relation to the South China Seas Dispute: A Philippine Perspective”, p. 4)

⁴ Desmond Ball lists over 30 regional disputes in Northeast Asia and Southeast Asia, attesting to the necessity of building CBMs in the region. See, Desmond Ball, “A New Era in Confidence Building: The Second-track Process in the Asia-Pacific Region”, *Security Dialogue*, Feb 1994, p. 161. For the discussion of security community, see Emanuel Adler and Michael Barnett, eds., *Security Communities*. Cambridge: Cambridge University Press, 1998.

⁵ Aileen S.P. Baviera, “Bilateral Confidence Building with China in Relation to the South China Seas Dispute: A Philippine Perspective”, report from International Security Research and Outreach Program, Department of Foreign Affairs and International Trade, Canada, Feb 2001, pp. 4. (http://www.international.gc.ca/arms-armes/isrop-prise/research-recherche/intl_security-securite_int/baviera2001/index.aspx, last reading at 10.1.2009, 21:40).

This paper will examine the practices of CBMs in the Asia Pacific through four important cases in the Asia Pacific region: the Korean peninsula issue, the East China Sea disputes, the Taiwan issue, and the South China Sea disputes. By comparing Asian practices with European experiences, this paper argues that CBMs in the Asia Pacific face many special challenges that cannot be derived from European experiences, and henceforth need to be expanded. CBMs, as practiced in the Asia Pacific, are distinctively process-oriented. CBMs, as policy tools, are limited in improving mutual strategic trust. In the context of the Asia Pacific, the CBPs or expanded CBMs might be more effective, in the long run, than CBMs in building economic and social process that is conducive to reconciliation and peace.

II. CBMs on the Korean Peninsula

The Korean peninsula is perhaps one of the few places in the world where the legacies of the Cold War still persist. There are two issues should be of concern to our inquiry: one is the North-South relationship, another North Korean nuclear issue. We will examine the two issues in this section accordingly.

The end of the Cold War heightened the expectations of the regional players that the Korean peninsula shall be resolved as the East-West confrontation dissipated. All regional great powers, despite differences over their expectations and visions of the peace building process on the peninsula, quickly came to the conclusion that to avoid conflict and ensure peace on the peninsula, maximum efforts should be made to avert clashes caused by uncertainties or accidents, and a certain degree of CBMs should be in place to restrain hostility. The ensuing question becomes whether CBMs on the peninsula should follow European experiences or search for a new path.

On the surface, the North-South standoff on the Korean peninsula paralleled the Cold War bloc confrontation in Europe in many ways: “bipolar” structure, military stalemate without escalating to hot war, absence of mutual communications or exchanges of information, great power influence behind the curtain, etc. It is therefore understandable that scholars look to the European experiences for a cue on the resolution of the peninsula issue. For instance, James Goodby advocated as early as in 1991 the establishment of a mechanism among major powers which would aim to fulfill the following goals: 1) to reduce the risk for incidents or accidents involving military forces; 2) to lay the foundation for the North and South Korean Governments to engage in serious negotiations with mutual confidence, leading to a “wholly new political relationship, if not into full unification”; and 3) to pave the way for security cooperation among major powers in Northeast Asia.⁶

In reality, however, it is doubtful whether the application of European model of CBMs to Northeast Asia would be fruitful. A good case in point is that the prolonged Six Party

⁶ James Goodby, “The Application of Confidence-building Techniques to North-East Asia and the Middle East”, in *Disarmament Topic Papers 7: Confidence and Security-Building Measures, from Europe to Other Regions*, pp. 77-78.

Talks have to a great extent failed to curb North Korea's unilateral move toward acquiring nuclear weapons.

An effective policy would be the "Sunshine policy." Essentially, the logic of the "Sunshine policy" was to give priority to economic and people-to-people exchanges, sidestepping difficult CBMs in the military field such as disarmament. By separating economic cooperation and social exchange from politics, the Kim Dae-jung administration succeeded in signing the "Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange between the North and the South" in 1998, ushering in a reconciliation process that had been unseen since the end of the Korean War.⁷

Compared to the European experiences of great power cooperation and political negotiation mechanism, the "Sunshine policy" apparently was much more attractive and persuasive. On this point, the Russian scholar Alexei Zagorsky makes a cogent observation that it is hard to imagine that North Korea would accept a framework of cooperation based on the European experiences of CBMs. Disarmament for North Korea not only means the lessening of tensions on the Korean peninsula, but, more important, implies the increase of relative power of the U.S.-South Korean alliance. The U.S. military presence on the peninsula rendered North Korea hard to accept the traditional CBMs of giving priority to disarmament and improvement in the military transparency.⁸

It was the North Korean nuclear crisis that further exposed the limits of CBMs. The essence of CBMs is to reduce tensions through confidence building and to alleviate enmity by increasing transparency. However, the failure of the Six Party Talks to curb North Korea's determination to going nuclear have, as some scholars argue, clearly shown that what is most needed for the resolution of the North Korean nuclear crisis is not a mechanism for dialogue, but "coercive measures" that will bring about North Korea's compliance with international community's demand for denuclearization.⁹

Chinese strategic analysts have been heatedly debating over how to resolve the crisis in the recent years. Some believe that a solution should be sought at a deeper level, so as to eliminate North Korea's motivation for going nuclear in the first place, namely, to recalibrate the strategic imbalance in Northeast Asia by reemphasizing the cooperative relations between China, Russia, and North Korea, and by restoring North Korea's confidence in facing the U.S.-South Korea-Japan alliances.¹⁰ Others, however, argue that North Korea's second nuclear test does not necessarily negate the Six-Party-Talks

⁷ Suh Doo Hyun, *Jin Dazhong zhengfu yangguang zhengce yanjiu (A Study of the Sunshine Policy of the Kim Dae-jung's Government)*, Ph.D. Dissertation, School of International Studies, Peking University, June 2006, pp. 36-41.

⁸ Alexei Zagorsky, "North-East Asia Security-and Confidence-Building", UN Department of Disarmament Affairs, *Disarmament Topic Papers 6: Confidence-Building Measures in the Asia-Pacific Region*, New York: UN Publication 1991, pp.88.

⁹ Zhu Feng, "Erci heshi hou de chaohe wei'ji" (The North Korean Nuclear Crisis after the North's Second Nuclear Test), *Dangdai guoji guanxi* (Contemporary International Relations), July 2009, pp. 46-47.

¹⁰ Wang Zaibang and Li Jun, "Chaoxian erci heshiyan tanyuan yu waijiao sikao" (An Investigation into the Origins of North Korea's Second Nuclear Test and Deliberation on Diplomacy), *Dangdai guoji guanxi*, July 2009, pp. 39-40.

framework. Rather, it demonstrates that the existing Six-Party-Talks framework needs to be strengthened by adding enforceability to the mechanism of dialogue.¹¹

In any event, the flaws in the current Six-Party-Talks framework are evident. At a time when all other five parties' interests and views are far from being converged, it would be relatively easy for North Korea to explore the fissures in the international community and to engage in calculated provocative actions. Although completely giving up the existing multilateral negotiation mechanism and going back to the old "bloc" politics of balance of power might seem a bit overdone, it is apparently warranted to add certain enforcement mechanism to the current diplomatic framework. Another necessary component of an effective diplomatic framework in resolving the crisis should be "enhanced CBMs" that will not only restore North Korea's confidence in its own security, making sure it understands that further provocation will be met with severe punishment while compliance with international community commitment toward denuclearization will end its diplomatic isolation and improve its domestic economic situation, but also remove qualms and reservations of other key stakeholders. For instance, it has been argued that China's perception of the urgency of denuclearization is sharply different from that of the United States, partly because Beijing worries more about the dire consequences of a regime collapse (implying flood of refugees into China's territory, etc.) and the ensuing re-unification scenario that might bring U.S. military presence north of 38 parallel and close to Chinese border than the security threat posed by a nuclear North Korea. If that is true, then the United States needs to engage in more extensive dialogues with China to mitigate its concerns, i.e., by pledging to help with refugee issues and/or guaranteeing that U.S. troops stationed in South Korea will not be moved north should a Korean unification takes place following a collapse of North Korea.¹²

III. China-Japan Disputes in the East China Sea

There are two main issues in the China-Japan disputes in the East China Sea: the Diaoyu (Senkaku) Islands issue and the oil fields issue. The former is about disputes over the sovereignty claims, while the latter hinges on different understandings about principles in maritime boundary division.

The Diaoyu Islands are located on the verge of the continental shelf of the East China Sea, composed of five uninhabited islets and three reefs. The disputes over the Diaoyu Island did not emerge until in late 1960s when reports indicating rich oil resources located around the islands came out. What should concerns us is that the possibility of territorial disputes over the Diaoyu Islands escalating into armed conflicts has indeed increased since the end of the Cold War, especially after the 1997 revised U.S.-Japan Defense Guidelines stated that U.S.-Japan defense cooperation would govern "situation in areas

¹¹ Zhu Feng, "Erci heshi hou de chaohe weiiji", *Dangdai guoji guanxi*, July 2009, pp. 46-47.

¹² Adam P. Liff, "U.S. Policy toward North Korea: The China Fallacy," *PacNet* No. 67, October 8, 2009.

surrounding Japan”.¹³ It should be noted that the disputes over the Diaoyu Islands have become a destabilizing factor to the regional peace and security in Northeast Asia. Moreover, it should be reckoned that unless going beyond the pure debates over historical evidence and different interpretations of the ocean law, any possible resolution of the Diaoyu Islands issue would be out of reach. Indeed, it seems that a reasonable vision of the resolution of the disputes would involve shelving the sovereignty disputes by establishing CBMs, and try to seek consensus gradually.

For decades, China and Japan have been offering competing sovereignty claims regarding the Diaoyu Islands, with the majority of the Japanese claim Japanese sovereignty over the islands while the Chinese, along with a minority of Japanese scholars on the left, argue the opposite. Japanese scholar Suganuma Unryu notes that the problem of the Diaoyu Island disputes is that while both the Chinese and Japanese sides can provide historical records showing it has continual control of the island, neither side is able to present definitive official documents proclaiming sovereignty over the Diaoyu Islands. Therefore, it is impossible, based on the existing international law, to rule on the sovereignty of the Diaoyu Islands. Unryu argues that the most plausible way to resolve the disputes might be to shelve the disputes and reach agreement on joint exploration through diplomatic measures.¹⁴

Besides the Diaoyu Island issue, China and Japan also dispute over the Exclusive Economic Zone (EEZ) boundary in the East China Sea, leading to controversial “incursions” of vessels into each other’s claimed territorial waters. The risk of clash only increased when both sides started to drill in areas where their claims overlap.

Mark Valencia and Yoshihisa Amae suggest that the best way to deal with these controversial issues might be to develop an effective regime to coordinate each party’s actions. First of all, both Japan and China should restrain suspicion and hostility against each other, i.e., China viewing Japanese naval vessels’ patrol as evidence of Japan’s ambition to expand naval forces, or Japan’s viewing of Chinese naval vessels’ “incursions” as evidence of the China threat. Valencia and Amae suggest that Beijing and Tokyo should, following the example of the United States and the Soviet Union in which the two reached the unprecedented “Incidents at Sea Agreement” in 1972, establish certain military consultation and coordination regime, which could help avoid miscalculation or escalation of conflict during crisis time. The annual security dialogue between China and Japan, as well as mutual port calls, has laid a foundation for the establishment of such a regime.¹⁵

When it comes to China-Japan disputes in the East China Sea that involve territorial claims, CBMs could play a beneficial role in helping manage the risk of

¹³ Glenn D. Hook, et al., *Japan’s International Relations: Politics, Economics and Security*, London and New York: Routledge, 2001, pp. 140-142.

¹⁴ Cite from Zhang Zhirong, *Zhongguo duiwai guanxi xinlun: diyuan zhengzhi yu mulin waijiao yanjiu* (A New Argumentation about China’s Foreign Relations: A Study of Geopolitics and Good-Neighbor Diplomacy), Hong Kong: Lizhi Press, 2008, pp. 374-376.

¹⁵ Mark J. Valencia and Yoshihisa Amae, “Regime Building in the East China Sea,” *Ocean Development & International Law*, April 2003, pp. 201-202.

incidents/accidents escalating into armed conflict. A regime based on CBMs in the East China Sea will help normalize communication and exchange of information and mitigate Beijing's and Tokyo's "reciprocal misperception" of each other's intentions.

What differs the East China Sea case from the European experiences is that the China-Japan disputes not only originate from direct clashes of interest or tensions of standoff, but also stem from historical memories of Japanese invasion and nationalistic emotions in both nations. Untying the knots of bitter historical memories and nationalism is anything but easy. The establishment of CBMs should not be merely regarded as an effective "tool", separated from larger process of national reconciliation. Rather, CBMs should be regarded as an integral component or a building block for a comprehensive project of national reconciliation and peace building. In the short term, it should be noted that CBMs in the East China Sea might not come as quickly as it was in the European experiences. Political leaders in China and Japan would be much more susceptible to domestic nationalistic emotions and different interest groups when they are engaged in a typical "two-level" game.¹⁶ The East China Sea consultation mechanism between China and Japan, though has not up to date reached a solution mutually acceptable to both sides, nevertheless represents an important step toward the right direction. For instance, the consultations have led to some preliminary measures in building mutual confidence, i.e., consensuses have been reached regarding the establishment of maritime hotlines and joint development of oil and gas reserves.¹⁷

IV. CBMs and the Taiwan Issue

The Taiwan issue is another flashpoint for potential conflict involving great powers in the Asia Pacific, presumably China and the United States. The democratization on the island in the 1990s was accompanied with the rise of a Taiwan identity that is distinct from the Chinese mainland identity. The pro-independence Taiwan leader Lee Teng-hui's visit to the United States in 1995 triggered a crisis where the People's Liberation Army launched missile tests in an attempt to deter Taiwan from moving further toward independence, and the United States responded by dispatching two aircraft carriers to the Taiwan Strait. The elect of a pro-independence Democratic Progress Party (DPP) leader Chen Shui-bien into office in 2000 sent the cross-Strait relations on a downward slope. Despite increasingly knit economic ties, the political communications across the Taiwan Strait were largely frozen. To deter the perceived pursuit of "creeping Taiwan independence" by the Chen administration, Beijing sternly warned the pro-independence, ruling Democratic Progress Party (DPP), and repeatedly vowed to use force, if necessary, to reverse the trend. Chen

¹⁶ For a classic exposition of the logic of "two-level" game, see Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization*, vol. 42, no. 3 (Summer, 1988), pp. 427-460.

¹⁷ For a review of the China-Japan East China Sea Consultation mechanism, see Zhang Zhirong, "Zhongri donghai cuoshang de jieduanxing chengguo jiqi qishi" (The Interim Fruits of and Implications for the China-Japan East China Sea Consultation), *Xiandai guoji guanxi* (Contemporary International Relations), No. 11, 2008, pp. 25-29.

had repeatedly appealed to and, in many occasions, actively manipulated the pro-independence sentiment on the island, to the extent that a “Taiwanese” identity that was distinct from the “Chinese” identity had been successfully produced and reproduced.

To avoid cross-Straits tensions from resumption, or worse, escalating into great power conflict that will gravely destabilize the Asia Pacific region, CBMs or rather CBPs should be in place. Believing that a closer economic and social ties between Taiwan and the mainland will increase the chances of ultimate unification, the Chinese mainland has actively tried to push measures that would help promote cross-Strait exchange. In light of this view, the 2005 Anti-Secession Law, which has been widely criticized for its insistence on use of force should Taiwan pursue de jure independence, indeed has put in places a considerable amount of measures to enhance cross-Strait confidence, i.e., cross-Strait people-to-people exchanges, economic cooperation, calls for “three links” (*santong*)(direct postal service, transportation and trade), etc.

Since the Kuomintang (KMT) leader Ma Ying-jeon was sworn in as “president” on May 20, 2008, the cross-Strait relations have been greatly improved. Although Ma purposely ruled out any possibility of “re-unification” during his term (or terms), the new Taiwan leader’s unequivocal rejection of Taiwan independence seems to have removed one of the biggest obstacles in the improvement in cross-Strait relations.

And the improvement in cross-Strait relations has heightened the expectations for the signing of a “peace agreement”. For instance, Phillip C. Saunders and Scott L. Kastner argue in a recent article in *International Security* that a peace agreement could reduce the likelihood of a cross-strait military conflict by creating “audience costs” both at the domestic and international levels, reducing uncertainty of each other’s intentions and resolves, generating institutional restraints on leaders seeking to violate the terms, and producing benefits of cooperation that will be valuable to actors on both sides. In view of Saunders and Kastner, CBMs (or CBPs if economic and social exchanges are considered) built into a “peace agreement” would create incentives for both parties to adhere to the agreement rather than risk losing these benefits due to increased tensions or military conflict. And CBMs incorporated in a larger agreement would be easier to achieve.¹⁸ The idea of “peace agreement” echoes the “interim agreement” proposal raised by Kenneth Lieberthal a decade ago.¹⁹ One might argue that from the Chinese mainland’s perspective, however, there is a significant flaw in both the idea of “peace agreement” and that of “interim agreement”. Such an agreement, whatever final form it might take, will for the long term, be conducive to the further weakening of the Taiwanese people’s identity as “Chinese”. A counter-argument might also be made in favor of CBMs, however. A peace agreement might increase the flow of “identity goods”—exchanges of people, information, and ideas between the two sides that might influence the other party’s perception of its political and ethnic identity—that would allow each side the opportunity

¹⁸ Phillip C. Saunders and Scott L. Kastner, “Bridge over Troubled Water? Envisioning a China-Taiwan Peace Agreement,” *International Security*, Vol. 33, No. 4, Spring 2009, pp. 99-100, 104-105.

¹⁹ Kenneth G. Lieberthal, “Cross-Strait Relations”, paper presented at the International Conference on the PRC after the Fifteenth Party Congress : Reassessing the Post-Deng Political and Economic Prospects, Taipei, INPR and MAC, February 19~20, 1998.

to influence the other, with the potential for the Chinese mainland to make the case for a Chinese identity and eventual unification to the Taiwanese public directly and for Taiwan to press its case for increased political liberalization in the mainland. As Saunders and Kastner suggest, the willingness of each side to allow increase in the flow of “identity goods” across the Taiwan Strait would be a significant CBM.²⁰ It remains to be seen, however, whether both sides across the Strait would be willing to take such a decisive step of CBMs.

V. CBMs and the South China Sea Territorial Disputes

Much like the case in the East China Sea, the territorial disputes in the South China Sea did not emerge until the release of “Emery Report” in 1967 which made clear the enormous oil reserves in the South China Sea. The 1973 oil crisis only added to the attractiveness of the South China Sea. Beginning in the 1970s through 1980s, all claimants mainly used the military to occupy claimed reefs or islets scattered in the South China Sea, and they did not refrain from using or threatening to use force to resolve disputes.²¹

Since the 1990s, the ASEAN had been taking the lead in constructing regional security architecture through the “ASEAN Way”, the consensus-based, informal, non-legalistic, non-interventionist approach of institutional building.²² CBMs became important policy in the ASEAN Way and indeed were embedded in such behavioral and procedural norms. The security practices characterized as the ASEAN Way had considerable impact on the attitude the ASEAN took toward the South China Sea disputes, propelling the ASEAN claimants to “shift” to less unilateral approach. Meanwhile, China, emphasizing Chinese paramount leader Deng Xiaoping’s idea of “putting aside differences, joint development”, pursued a “Good Neighbor” policy that aimed to reassure the Southeast Asian countries and create a stable neighboring environment for China’s economic development. Consequently, in early 1990s, Chinese top leaders repeatedly issued public statements, reaffirming China’s proposal of “putting aside differences, joint development.” During his visit to Singapore in 1990, Chinese Premier Li Peng publicly indicated China’s willingness to cooperate with the ASEAN countries on the South China Sea issue. Li again stated in his governmental report to the Eighth National People’s Congress in March

²⁰ Saunders and Kastner, “Bridge over Troubled Water? Envisioning a China-Taiwan Peace Agreement,” p. 106.

²¹ Leszek Buszynski, “ASEAN, the Declaration on Conduct, and the South China Sea”, *Contemporary Southeast Asia*, Dec 2003, p. 346.

²² For discussion of the ASEAN Way, see Shaun Narine, “ASEAN and the ARF: the Limits of the ‘ASEAN way,’ ” *Asian Survey*, Vol. 37, No. 9, October 1997, pp. 952-971; Amitav Acharya, *Constructing a Security Community in Southeast Asia : ASEAN and the Problem of Regional Order*, London: Routledge, 2001; Gollian Goh, “The ‘ASEAN Way’: Non-intervention and SEAN’s Role in Conflict Management,” *Stanford Journal of East Asian Affairs*, Vol. 3, No. 1, 2003, pp. 113-118; Alastair Iain Johnston, “Socialization in International Institutions: The ASEAN Way and International Relations Theory,” in G. John Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific*, New York: Columbia University Press, 2003, pp. 107-162.

1994 that China would “strive for the long-term stability, mutual-reciprocity and cooperation in the South China Sea region.” When receiving the visiting Philippine President Ramos in April 1993, Chinese President Jiang Zemin reaffirmed China’s stance. Such Chinese policies were perceived as a gigantic “shift” in China’s South China Sea policy by the ASEAN, paving the way for the building of confidence among the ASEAN claimants, which are small powers as compared to China.²³

Since 1990s, many scholars and analysts have put forth constructive proposals for the resolution of the South China Sea disputes. Among the most comprehensive is one proposed by Mark J. Valencia, a researcher at the East-West Center in Honolulu. The essence of Valencia’s proposal, which was first raised in 1990 and further expanded in mid-1990s, is to shelve sovereignty disputes and achieve joint development of the South China Sea through the establishment of a multilateral “Spratly Islands Development Authority”, following the model of joint management of the South Pole by the international community. The Spratly Islands Development Authority would administer the core area and manage the exploration and exploitation of resources there. The Valencia proposal suggests that the Chinese mainland and Taiwan should be given a combined 51% shares in exchange for their historic “claims” to most of the South China Sea, and the remaining shares be divided among Vietnam, Philippines and Malaysia. Valencia argues that under such a “cooperative regime”, the area would be demilitarized, sovereignty claims would be frozen, and the Authority would be responsible for arbitrating user conflicts, facilitating exploration and development of resources, managing fishery issues, promoting international cooperation in scientific research and environment protection. Moreover, the legitimate transit of vessels would be allowed, keeping the strategic sea lanes open to the international community.²⁴ Apparently, the principles of CBMs are included in the Valencia proposal.

Valencia’s proposal is echoed by recent Chinese analysts’ proposal for a “South China Sea Energy Development Organization.” Believing that the problem of the South China Sea disputes lie in the exclusive claims to the resource-rich maritime territories, the Chinese scholar Xue Li affiliated with the Institute of World Economics and Politics at the Chinese Academy of Social Sciences argues in a recent article that the best solution to the South China Sea disputes is to translate exclusive, zero-sum territorial claims to win-win joint development and economic cooperation, and transform potential armed conflict to bargaining within a regime.²⁵ Xue Li’s proposal, compared to the Valencia proposal, focused more on the economic dimension of the resolution of the South China Sea disputes. However, it is doubtful how far can economic cooperation go without sufficient

²³ Buszynski, “ASEAN, the Declaration on Conduct, and the South China Sea”, pp. 348-350; Zhang Zhirong, *Chinese Foreign Relations: New Perspectives on Geopolitics and the Good Neighbor Policy*, pp. 296-297.

²⁴ Mark J.Valencia, “A Spratly Solution”, *Far Eastern Economic Review*. Mar 1994. p. 30; the same author, *Sharing the Resources of the South China Sea*, Martinus Nijhoff Publishers, 1997.

²⁵ Xue Li, “Nanhai nengyuan kaifa zuzhi: nanhai wenti de chulu” (The South China Sea Energy Development Organization: A Solution to the South China Sea Issue), *Shangwu zhoukan* (Business Watch Magazine), No. 12, June 20, 2009 (<http://www.businesswatch.com.cn/Mag/global/2009/0717/1595.html>).

confidence building at political, military, and social levels. Therefore, one might expect that the Xu Li proposal would have to eventually move closer to the Valencia proposal should it be to become operational.

The scholarly and policy discussions about the possible solutions to the South China Sea disputes were paralleled to the development of CBMs in the security practices concerning the South China Sea issue. Some ASEAN countries that are not either directly or substantially involved in the South China Sea disputes, such as Indonesia, Thailand, and Singapore took the lead in developing unofficial dialogue mechanisms that gradually led to more official dialogue mechanisms nestled in the regional security institution such as the ASEAN Regional Forum (ARF). In the spring of 1990, Indonesia sponsored the first “Special Conference on the Potential Conflict in the South China Sea,” which declared the participants’ common desire to “transform the potential crisis in the South China Sea to cooperation.” In the summer of 1991, Indonesia hosted the second conference, which for the first time, brought the Chinese mainland in. In 2000, Thailand held a working group conference on the laws in the South China Sea, the fifth of its kind. The conference sponsored technical and expert groups that focused on work of concrete legal and technical issues about joint development and cooperation. Those “Track II” dialogue mechanisms were beneficial in terms of exchanging information, communicating positions, improving transparency, and building confidence. After China joined the ARF in 1994, the ASEAN-based regional security framework became a platform for China and other ASEAN claimants to engage in constructive communications and dialogues. The CBMs embedded in the ASEAN Way, such as the release of defense white papers, convening of meetings of defense officials, cooperation in sea-lane protection, anti-piracy, and disaster reliefs, played an important role in building confidence between ASEAN and regional great powers as well as among ASEAN countries.²⁶ As Indonesian Defense Minister Juwono Sudarsono commented recently in June 2009, “in the consultation about the South China Sea disputes in the past 15 years, we have for long emphasized the importance of building confidence with non-ASEAN members through Track II diplomacy.”²⁷ In a sense, the security practices of the ASEAN Way delegitimize the use or threat of forces in conflict resolution in the region, producing and reproducing the norms of consultation and peaceful resolution of differences and disputes.

The endeavor to resolve the South China Sea disputes, however, were impeded, if not plagued, by tensions at a much deeper level, that is, the inherent dynamics of the game between a group of small powers and a great power. Arguably, the ASEAN countries, as small powers, were naturally inclined to “band together” to hedge, if not balance against the perceived pressure and threat from a gigantic and rapidly rising China. In that regard, the present ASEAN-centered regional security system enables the small countries to

²⁶ For an authoritative treatment of the ARF, see Rodolfo C Severino, *The ASEAN Regional Forum*, Institute of Southeast Asian Studies, 2009.

²⁷ *KL Security Review*, June 16, 2009 (http://www.klsreview.com/HTML/2009Jan_Jun/20090616_01.html), accessed on October 21, 2009.

hedge against China.²⁸ The reported emergence of the “Spratly Group” aiming at counterbalancing perceived increasing Chinese military pressure in the region was indicative of that trend.²⁹ Indeed, Chinese scholars have for long insisted that the bilateral approach is more effective than the multilateral approach in reaching compromises over the South China Sea disputes, and used China’s bilateral negotiations in demarcating the maritime territories in the Tokin Gulf as a case in point.³⁰ However, such an argument may, predictably, be met with skepticism and be criticized as partial and pro-China. In 1994, the ASEAN declared that it would only accept multilateral negotiations on the solution to the South China Sea issue. China was left with few alternative options but to come along with the multilateral approach. It is worth noting, however, Chinese scholars and analysts might need to re-examine more critically the assumption of the virtues of the bilateral approach. Will China be better off or worse off in a multilateral approach as compared to a bilateral approach? Creative thinking and candid debate in that regard might prove to be important in searching for a solution to the South China Sea disputes.

Unfortunately, seven years after the signing of the Declaration on the Conduct of Parties in the South China Sea between China and the ASEAN, the framework and basis, if any, provided by the non-binding declaration of good will and desire, seem to be crumbling. All parties are increasingly slipping into “self-help” by engaging in unilateral military buildup. The fact that all claimants are “defecting” from the cooperation game and trapped in a prototypical “prisoners’ dilemma” speaks not only to the insufficiency in the dialogue mechanism that produces nothing beyond non-binding declarations, but also cries for more institutionally-based approach to the South China Sea issue that might give rise to binding and durable resolutions. In light of that, CBMs might prove to be an indispensable part of that institution/regime building process in resolving the disputes.

VI. Conclusion

A quick survey of the CBMs practices in the Asia Pacific reveals a trajectory that is distinct from the European experiences. While in Europe, CBMs were devised to touch upon sensitive military issues such as disarmament, arms control and military transparency, CBMs in the Asia Pacific were rarely restricted to the military issues. Rather, most of the Asia Pacific CBMs practices were designed for much broader social and economic processes such as people-to-people communications, economic cooperation, and building forums for dialogue. The process-oriented, “softer” version of CBMs, which might be more appropriately defined as CBPs, might be less effective in

²⁸ Report on the International Expert Workshop on “ASEAN, Asia-Pacific Multilateralism and the Evolving Regional Security Architecture”, convened by International Institute for Strategic Studies-Asia and Institute of Southeast Asian Studies, Singapore, October 15-16, 2009, p. 4.

²⁹ *KL Security Review*, July 1, 2009 (http://www.klsreview.com/HTML/2009Jul_Dec/20090701_02.html), accessed on October 22, 2009.

³⁰ Zhang Zhirong, *Chinese Foreign Relations: New Perspectives on Geopolitics and the Good Neighbor Policy*, pp. 276-281; Zhang Haiwen, *Shiyong yu nanhai de falv zhidu* (The Legal System that is Applicable to the South China Sea), Ph.D. Dissertation, Department of Law, Peking University, 1995.

bringing about results than the CBMs in the European experiences do. Yet, such CBMs, or CBPs, are more suitable to the strategic environments in the Asia Pacific on the following grounds: 1) Absent of an inherent identity like the European identity, the Asia Pacific is characterized with high degree of heterogeneity in race, religion, language, culture, history, and ideology. Such heterogeneity has made the collective identity at the broad level difficult to form; 2) different from the Cold War bipolar structure, the post-Cold War configuration of power in the Asia Pacific is fluid and in flux. The relative decline of the United States and Japan, the rapid rise of China, the “banding-together” of small ASEAN powers have led to the repeated reshuffling of power and indeed the emergence of a multiplicity of power centers in the region. Unlike in the Europe where bipolarity would be conducive to reaching agreements on hardcore security issues such as disarmament, the unstable equilibrium of balance of power complicates the prospects of reaching compromises in the Asia Pacific; 3) Unlike the bloc competition in the Cold War Europe, the disputes and conflict in the post-Cold War Asia Pacific is much more complicated, beset by nationalism, historical memories and resentments, cultural and ideological estrangement, and clashes of strategic, security and economic interests, to name a few. Given such a differing strategic environment in the Asia Pacific, some scholars suggest that an “Asia Pacific Way” of CBMs should give priority to cooperation in the economic and social arenas, and then move up to mutual confidence and trust in the military and political realms, and that it should get states together through informal, loose mechanism of dialogue, and then move gradually to enforceable mechanism. The “Asia Pacific Way” of CBMs does not set an agenda in the beginning. Rather, it shall begin with dialogues or consultations, get reinforced by the processes of social and economic exchanges, and pave the way for ultimate negotiations on territories or disarmament. It is gradualist in nature, and inclusive and open in function, whereas it is less restrictive than in the European case. The process-oriented CBMs in the Asia Pacific, however, might also need to be strengthened in terms of institutional buildup, so as to tackle the ultimate goal of conflict resolution and lasting peace and stability in the region.