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From: Sullivan, Jacob J <SullivanJJ@state.gov>
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To: H
Subject: FW: Kishore Mahbubani--Is China Losing the Diplomatic Plot?

From: Patel, Nirav S
Sent: Tuesday, July 31, 2012 12:31 PM
To: Campbell, Kurt M; Yun, Joseph Y; Moy, Kin W; Ratner, Ely S; Carlson, Aubrey A; Marchant, Christian M; Andrews, Brian J; Castro, Christian M; Sullivan, Jacob J; Evan Medeiros (); Willett, Colin
Subject: Kishore Mahbubani--Is China Losing the Diplomatic Plot?

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Very interesting piece from a generally very critical strategic voice of US efforts:

"China's victory proved to be Pyrrhic. It won the battle of the comminiqué, but it may have lost 20 years of painstakingly accumulated goodwill, the result of efforts such as the ASEAN-China free-trade agreement, signed in November 2002. More importantly, China's previous leaders had calculated that a strong and unified ASEAN provided a valuable buffer against any possible US containment strategy. Now, by dividing ASEAN, China has provided America with its best possible geopolitical opportunity in the region. If Deng Xiaoping were alive, he would be deeply concerned."

Kishore Mahbubani

Kishore Mahbubani is Dean of the Lee Kuan Yew School of Public Policy, National University of Singapore. His most recent book is *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*.

Is China Losing the Diplomatic Plot?

26 July 2012

SINGAPORE – In 2016, China's share of the global economy will be larger than America's in purchasing-price-parity terms. This is an earth-shaking development; in 1980, when the United States accounted for 25% of world output, China's share of the global economy was only 2.2%. And yet, after 30 years of geopolitical competence, the Chinese seem to be on the verge of losing it just when they need it most.

China's leaders would be naïve and foolish to bank on their country's peaceful and quiet rise to global preeminence. At some point, America will awaken from its geopolitical slumber; there are already signs that it has opened one eye.

But China has begun to make serious mistakes. After Japan acceded to Chinese pressure and released a captured Chinese trawler in September 2010, China went overboard and demanded an apology from Japan, rattling the Japanese establishment.

Similarly, after North Korean shells killed innocent South Korean civilians in November 2010, China remained essentially silent. In a carefully calibrated response, South Korea sent its ambassador to attend the Nobel Peace Prize ceremony for the imprisoned Chinese human-rights activist Liu Xiaobo in December 2010.

China has also ruffled many Indian feathers by arbitrarily denying visas to senior officials. Chinese Premier Wen Jiabao subsequently calmed the waters in meetings with Indian Prime Minister Manmohan Singh, but such unnecessary provocations left a residue of mistrust in India.

But all of these mistakes pale in comparison with what China did to the Association of Southeast Asian Nations in July. For the first time in 45 years, the ASEAN Ministerial Meeting (AMM) failed to agree to a joint communiqué, ostensibly because ASEAN's current chair, Cambodia, did not want the communiqué to refer to bilateral disputes in the South China Sea. But the whole world, including most ASEAN countries, perceived Cambodia's stance as the result of enormous Chinese pressure.

China's victory proved to be Pyrrhic. It won the battle of the communiqué, but it may have lost 20 years of painstakingly accumulated goodwill, the result of efforts such as the ASEAN-China free-trade agreement, signed in November 2002. More importantly, China's previous leaders had calculated that a strong and unified ASEAN provided a valuable buffer against any possible US containment strategy. Now, by dividing ASEAN, China has provided America with its best possible geopolitical opportunity in the region. If Deng Xiaoping were alive, he would be deeply concerned.

It may be unfair to blame China's leaders for the ASEAN debacle. More likely than not, over-zealous junior officials pushed a hard line on the South China Sea, whereas no Chinese leader, if given the choice, would have opted to wreck the AMM Communiqué. But the fact that it happened reveals the scope of China's recent poor decision-making.

The "nine-dotted line" that China has drawn over the South China Sea may prove to be nothing but a big geopolitical millstone around China's neck. It was unwise to attach the map in a *note verbale* responding to a joint submission by Vietnam and Malaysia to the United Nations Commission on the Limits of the Continental Shelf in May 2009. This was the first time that China had included the map in an official communication to the UN, and it caused great concern among some ASEAN members.

The geopolitical opportunity implied by inclusion of the map has not been lost on America, which is why the US, somewhat unusually, has made another effort to ratify the Law of the Sea Convention. Having tabled the nine-dotted line at the UN, China walked into a no-win situation, owing to the difficulty of defending the map under international law. Indeed, as the eminent historian Wang Gungwu has pointed out, the first maps to claim the South China Sea were Japanese, and were inherited by Nationalist China.

Domestically, too, the nine-dotted line may cause problems for the government by presenting critics with a useful weapon. Any hint of compromise will expose officials politically. In other words, a few rocks in the South China Sea have put China between a rock and a hard place.

There is no doubt that China will have to find a way to compromise over the nine-dotted line. In private, it has begun to do so. Even though the line covers the waters northeast of the Indonesian-owned Natuna Islands, the Chinese government has given Indonesia categorical assurances that China does not claim the Natuna Islands or their Exclusive Economic Zone.

These private assurances calmed relations with Indonesia. So why not make similar overtures to other ASEAN states?

The legacies of Deng and his predecessor, Mao Zedong, are very different. But the People's Republic's two most important leaders did agree in one area: both bent over backwards to make territorial concessions to

resolve border disputes. This explains why China was so generous to Russia, for example, in its border settlements.

Mao and Deng could do this because both provided China with strong leadership. The challenge for the world now is that China has become politically pluralistic: no leader is strong enough to make wise unilateral concessions.

Nothing will happen in China until the leadership transition is completed in November. The new administration of Xi Jinping and Li Keqiang will need some time to settle in. But America is waking up. So, too, will the rest of the world in 2016. The big question then will be: Is China as geopolitically competent as number one as it was when it was number two?

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