

II. Flashpoints in the conflict dynamics in East Asia

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Great power competition continued to affect regional security in East Asia in 2021, with intensified rivalry between China and the United States. These trends solidified as a result of evolving US partnerships designed to counter China's influence in the region—including the exploration of partnerships with likeminded countries in Europe and Asia through the Quadrilateral Security Dialogue (Quad); the creation of a trilateral security pact between Australia, the United Kingdom and the United States (AUKUS); and closer coordination with allies Japan and South Korea. There were also growing concerns over China's assertive foreign policy and military actions in the Taiwan Strait and South China Sea (SCS). Moreover, China and Russia's deteriorating relations with the West and their rivalry with the US helped bring the two sides closer together.¹

Chinese–US relations have shifted from a cooperative and competitive relationship towards one of competition and confrontation.² This rising geopolitical tension has the potential to lead to escalation in several unsolved disputes and dormant security risks. This section briefly explores key developments in three areas—the Korean Peninsula, the East and South China seas, and the Taiwan Strait—that have the potential to seriously impact regional security dynamics.

Korean Peninsula

Despite several missile launches early in the year and again in September, the North Korean nuclear issue was less of an urgent priority for the relevant parties in 2021.³ One notable development for the peace process on the Korean Peninsula, though, was an end-of-war declaration promoted by South Korean President Moon Jae-in aimed at formally ending the Korean War and incentivizing North Korea back to the negotiating table.⁴ However, despite an active campaign and widespread discussion in South Korea, as well as a generally supportive stance from China, the USA and North Korea were seemingly less enthusiastic.⁵ Opposing US voices argued that 'rewarding' North Korea in this way without any commitment to denuclearization would

¹ Russian International Affairs Council 2021, 'Russia–China dialogue: The 2021 model'. On Russia's relations with the West see chapter 5, section I, in this volume.

² Medeiros E. S., *Major Power Rivalry in East Asia* (Council on Foreign Relations: New York, Apr. 2021).

³ On North Korea's nuclear weapons programme see chapter 10, section IX, in this volume.

⁴ Choi, J. K., 'Reflections on the ROK–US Alliance and the Republic of Korea's place in the world', *Global Asia*, Dec. 2021.

⁵ Hwang, J., 'An end-of-war declaration is not an impossible dream', *The Hankyoreh*, 7 Nov. 2021.

undermine stability and security on the Peninsula.⁶ Meanwhile, North Korea, in responding to Moon's speech at the United Nations on the declaration, rejected the proposal and emphasized that the USA needed to withdraw its 'hostile policy' as a prerequisite to any discussions on the declaration.⁷ Although South Korea and the USA had by the end of 2021 finally agreed to work on drafting the declaration, North Korea's stance remained uncertain.⁸

East and South China Sea

Tensions between China and Japan over their long-standing territorial dispute in the East China Sea continued in 2021. In November a Chinese naval vessel entered Japanese territorial waters, the first such incursion since 2017.⁹ To help prevent escalation of the conflict, the defence ministers from the two sides agreed to set up a military hotline by the end of 2022.¹⁰

Meanwhile, no substantial progress was made in 2021 in negotiations between China and ASEAN countries over an SCS Code of Conduct (COC). This was partly due to the focus on Covid-19 and partly due to the divergent views maintained by the two sides. Amid the continued delay in finalizing the COC, there were increased concerns over China's use of maritime militias in the region. In March 2021 there were around 220 Chinese fishing boats at Whitsun Reef, prompting a diplomatic protest from the Philippines.¹¹ Later in September another protest was filed from the Philippines following the presence of Chinese fishing vessels in the vicinity of Iroquois Reef.¹² In addition, more than 26 military exercises were conducted by the Chinese People's Liberation Army (PLA) in the SCS over a three-month period between May and August.¹³

China also passed a new law expanding the duties and practices of the China Coast Guard (CCG), including granting it the power and capability to stop or prevent threats from foreign vessels, and dismantle structures built by other claimant countries in its jurisdictional waters. Application of the CCG law over disputed waters may further complicate the security situation in the

⁶ Kim, Y. et al., Korean end of war declaration letter to National Security Advisor Jake Sullivan, 7 Dec. 2021.

⁷ 'N. Korea proposes talks if South Korea lifts "hostility"', *Asahi Shimbun*, 24 Sep. 2021.

⁸ 'Moon plans to end Korean War before leaving office', *Korea JoongAng Daily*, 23 Dec. 2021.

⁹ 'Chinese naval ship sailed in Japanese waters this week', *Japan Times*, 20 Nov. 2021; and 'Chinese naval ship sailed in Japan waters this week: Defense Ministry', Kyodo News, 20 Nov. 2021.

¹⁰ Lendon, B., 'Japan and China agree to set up defense hotline amid territorial tensions', CNN, 28 Dec. 2021.

¹¹ Lendon, B., 'China's little blue men are taking over the SCS', ASEAN Post, 13 Apr. 2021.

¹² Centre for Strategic & International Studies (CSIS), 'There and back again: Chinese militia at Iroquois Reef and Union Banks', 22 Oct. 2021.

¹³ Xuanzun, L., 'PLA holds 100+ drills in all Chinese sea areas in 3 months, "sets up strategic defense perimeter"', *Global Times*, 24 Aug. 2021.

area, as jurisdictional waters are not well defined in the law.¹⁴ Moreover, the permission given to the CCG to use force in performing its duties, alongside the continuing modernization of its capacity with military-grade equipment and converted warships, is another concerning factor that may increase the risk of conflict in the region.¹⁵

Chinese actions aside, the SCS was also crowded with players from outside the region.¹⁶ In February 2021 a French nuclear submarine patrolled in the SCS; later in the year a British aircraft carrier strike group held a joint military exercise; and in December 2021 a German warship entered the SCS for the first time in nearly 20 years. In addition, the newly formed AUKUS received a mixed reaction among ASEAN countries. The Philippines responded positively, expressing interest in enhancing its collaboration with AUKUS by inviting the UK to participate as an observer—alongside Australia and Japan—in its annual military exercise with the USA in 2022.¹⁷ However, Indonesia and Malaysia expressed somewhat reserved views.¹⁸

Taiwan Strait

The question of whether China might use force to achieve unification with Taiwan returned to prominence in 2021. In recent years China has increased its incursions into the Taiwan Strait, which it says are training exercises, to near daily frequency. In response Taiwan proposed a record \$16.8 billion military budget in September 2021.¹⁹ A month later, over a period of three days, 93 Chinese aircraft (the largest number ever to do so) flew into Taiwan's Air Defense Identification Zone, coinciding with the celebration of China's National Day.²⁰

¹⁴ Permal S., 'Beijing bolsters the role of the China Coast Guard', CSIS, 1 Mar. 2021; and National People's Congress of People's Republic of China, '中华人民共和国海警法' [Law of China Coast Guard], 22 Jan. 2021.

¹⁵ Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China 2021* (US Department of Defense: Washington, DC, Nov. 2021); Erickson, A. S., Hickey, J. and Holst, H., 'Surging second sea force: China's maritime law enforcement forces, capabilities, and future in the gray zone and beyond', *Naval War College Review*, vol. 72, no. 2 (2019), Article 4; and Huang, K., 'How does converting a Chinese navy ship into a coastguard vessel aid Beijing's maritime mission?', *South China Morning Post*, 20 Feb. 2022.

¹⁶ 'French nuclear submarine patrolled in South China Sea—Navy', Reuters, 9 Feb. 2021; Lendon, B., 'UK's HMS Queen Elizabeth aircraft carrier pictured in South China Sea', CNN, 30 July 2021; and 'First German warship in almost two decades enters South China Sea', Reuters, 15 Dec. 2021.

¹⁷ 'UK military might observe renewed full-scale Balikatan drills in Philippines', Radio Free Asia, 14 Oct. 2021.

¹⁸ Curran, B., 'AUKUS, China Sea tensions put Indonesia in tight spot, analysts say', VOA, 23 Oct. 2021; and Darmawan, A. R., 'AUKUS adds fuel to the South China Sea dispute', East Asia Forum, 1 Nov. 2021.

¹⁹ Chung, L., 'Taiwan's biggest defence budget includes US\$1.4 billion for new warplanes', *South China Morning Post*, 26 Aug. 2021; and Grevatt, J., 'Taiwan proposes defence budget increase for 2022', *Janes*, 27 Aug. 2021.

²⁰ 'Record Chinese aircraft sorties near Taiwan prompt US warning', *Wall Street Journal*, 3 Oct. 2021.

The Biden administration has embraced strategic ambiguity in its Taiwan policy, which theoretically allows the USA to work with both China and Taiwan. Without a formal commitment to Taiwan, however, there is a risk of uncertainty. This has led to debates over whether the USA should adopt greater strategic clarity and commit to defending Taiwan in the event of a Chinese attack.²¹ On a practical level the US has demonstrated a clearer stance through selling arms to Taiwan, military training, and transiting through the Taiwan Strait during its Freedom of Navigation Operations in the SCS.²²

The potential conflict over the Taiwan Strait has also received attention from Japan. In the Joint Statement of the US–Japan Security Consultative Committee in March 2021 the Taiwan issue was referenced for the first time since 1969.²³ This raised speculation as to whether Japan would align with the USA to defend Taiwan in the event of an attack by China. However, in April 2021 Japanese Prime Minister Yoshihide Suga clarified that Japan ‘does not presuppose military involvement at all’.²⁴ Instead, Japan committed to expanded economic cooperation and political support for Taiwan.²⁵

²¹ Haass R. and Sacks D., ‘The growing danger of US ambiguity on Taiwan’, *Foreign Affairs*, 13 Dec. 2021.

²² Ng, T., ‘US warship transits South China Sea to challenge “unlawful maritime claims”’, *South China Morning Post*, 20 May 2021; and Borger, J. and Davidson, H., ‘Secret group of US military trainers has been in Taiwan for at least a year’, *The Guardian*, 7 Oct. 2021.

²³ Ministry of Foreign Affairs of Japan, ‘Japan–US Security Consultative Committee (Japan–US “2+2”’, 16 Mar. 2021; and Shigeta, S. and Miki, R., ‘Taiwan in US–Japan statement: show of resolve or diplomatic calculus?’, *Nikkei Asia*, 18 Apr. 2021.

²⁴ Lo, K. and Huang, K., ‘Japan expected to take position of “ambiguity” on Taiwan issue’, *South China Morning Post*, 21 Apr. 2021.

²⁵ Liff A. P. and Hass R., ‘Japan–Taiwan relations: A look back on 2021 and look ahead to 2022’, *Brookings*, 20 Jan. 2021.