

Building the Diverse Community

Beyond Regionalism in East Asia

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Laura-Anca Parepa

(University of Tsukuba)

Implications of the US Rebalance Strategy for the Security Architecture

In the Asia-Pacific

The Rebalance Strategy of the United States represents one of the major adjustments of its foreign and security policy initiated in order to cope with the challenges that an evolving strategic environment poses to the United States (US) and its allies. This paper will explore the impact of the Rebalance Strategy of the US on the security architecture in the Asia-Pacific with a special focus on the evolution of the US alliance system in the region.

The alliance system implemented in Asia after the San Francisco Peace Treaty (September 1951) was initially described by former US State Secretary John Foster Dulles as a hub-and-spoke security system. Since Josef Joffe's (1995) article, several scholars (e.g. Blair & Hanley 2001; Calder 2004) have analyzed the hub-and-spoke model and its impact on the regional security architecture, with the most extensive and significant contribution made by John Ikenberry and his colleagues (e.g. Ikenberry & Mastanduno 2003; Ikenberry 2004; Ikenberry & Inoguchi 2007; Inoguchi & Ikenberry 2013). Although military and security experts (e.g. Blair & Hanley 2001) already highlighted the need to upgrade and improve the alliance system in Asia in the early 2000s, the potential changes of the hub-and-spoke system have been described and analyzed since the announcement of the Rebalance Strategy (Cha 2011; Baker 2103; Baker & Glosserman 2013; Chubb 2013).

In line with the recent development of the US alliance system, this article will examine the Rebalance whilst shedding light on the potential implications that the strategy can have on the security environment of

the Asia-Pacific region. For this purpose, the article will be based on analyses of data gathered from the US and Chinese governmental documents, public speeches or press release relating to the Rebalance Strategy and regional security architecture, and on data provided by the SIPRI databases of military expenditures. Based on descriptive and comparative methods, the article will specifically discuss the change that the US alliance system undergoes by making use of the existent literature on this topic.

The paper will be divided into five sections. The first part will briefly review the origins and the three dimensions of the Rebalance Strategy –economic, diplomatic and security – as well as the motivations that lie behind such a recalibration of US policy. The second part will focus on the military aspect of the security dimension of the Rebalance in analyzing how the new strategy is leading to a transformation of the US alliance system from the traditional hub-and-spoke model that has been in place in Asia since the end of World War II toward a networked model of alliance, following the current situation of international relations. The third part will deal with China's response to the US rebalancing in emphasizing that China has adopted a three-dimensional approach which encompasses an advancing "charm diplomacy" at the bilateral and multilateral levels, increasing cooperation with Russia, and engaging in an action-reaction dynamic with the US and some of its allies. The fourth part will explore the question as to whether or not the US Strategy is contributing to reinforcing stability in the region or is degrading the regional security environment in leading to an escalation of tensions or arms race. Finally, the last part will summarize the main findings of this paper.

Dimensions and Motivations of the US Rebalance Strategy

The Rebalance Strategy, known also as the Strategic Pivot to Asia, is a comprehensive approach promoted by the Obama Administration that aims to address emerging complex issues for stability in the Asia-Pacific region. The strategic recalibration of the US policy was presented in November 2011 by then-Secretary of State Hillary Clinton (2011) in an article published in *Foreign Policy*. By highlighting the "need to pivot to new global realities," Clinton's article underlines the necessity for a readjustment of the US's foreign and security policy in accordance with the growing significance of the Asia-Pacific in world affairs.

Since its announcement, the Pivot to Asia has raised serious concerns among US allies and partners in Europe and especially the Middle East as it would imply not only a shift of the US strategic focus, but also a reduction of US military presence in these regions. Thus, the strategy was interpreted as a “pivot away” from the Middle East, given that it coincided with the full withdrawal of American troops from Iraq (in October 2011) and the beginning of the US drawdown in Afghanistan (July 2011). The anxiety of the Middle Eastern partners grew further with a reduction in energy dependence of the United States on oil imports from the Middle East following the increase of its own production. Note that recent developments in Europe and the Middle East, such as Russia’s annexation of Crimea and the expanding threat of the Islamic State (known as ISIL or ISIS) in Iraq, Syria, Libya and Afghanistan, may have a significant impact on the US strategy as it can increase the danger for the United States to become militarily overstretched in an attempt to fulfill all of its security engagements.

American officials (e.g. Clinton 2011; Hegel 2013) repeatedly underlined that the US Rebalance Strategy would neither imply its abandoning of commitments in other parts of the world, nor indicate the declining importance of the Middle East for the United States. Nevertheless, the Obama Administration rebranded the Pivot to Asia as the Rebalance Strategy seemingly in order to appease concerns of its Middle Eastern and European partners.

Although the Rebalance is most often seen as a strategy that seeks to counter or contain China and re-assert US military presence in the region, the motivations that lie behind the US rebalancing are based on a broader set of considerations. First of all, the United States has acknowledged the importance of the Asia-Pacific region as a driver of global economic growth, which can be interesting for the American economy, needing recovery and partnership. Second, the United States has recognized the need to reconsider diplomatic coordination by enhancing both bilateral and multilateral relations with Asia-Pacific allies and partners, as there is a high risk of incidental conflicts due to the existence of a number of flashpoints (see CSIS 2012, p. 14) and the spread of non-traditional security threats across the region. Finally, following China’s rapid economic development and military buildup with its increasing assertiveness over maritime territorial claims in the East and South China Seas, serious concerns and challenges for the freedom of navigation have appeared to the countries in the region. This has required a reassurance about the United

States' commitment toward its allies and partners in the region and a re-confirmation of the United States' determination to protect Sea Lanes of Communication (SLOC) (see Clinton 2011; Obama 2011; U.S. Department of Defense 2012b).

Accordingly, by promoting the multifaceted Rebalance Strategy, the Obama Administration aims to address complex economic, diplomatic and security issues in order to cope with a challenging strategic environment in the Asia-Pacific region.

At economic level, the United States encourages multilateral cooperation and economic integration through the Trans-Pacific Partnership (TPP) and the Expanded Economic Engagement (E3) with the Association of Southeast Asian Nations (ASEAN). The TPP, which is a comprehensive free trade agreement negotiated between twelve countries (Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam), encompasses trade, services and investments, but also aims to establish common rules on intellectual propriety, labor and the environment, as well as to enhance the compatibility between the regulatory systems of the participants. As the Asia-Pacific region covers 40% of the global GDP and 44% of the total US goods exports in 2013 (Office of the U.S. Trade Representative n.d.), a free trade partnership like the TPP can constitute a significant means to promote and expand the US presence in the region. Although some regard the TPP as a modality to exclude China given the "high standards" required by the agreement, the US National Security Advisor, Susan E. Rice (2013) has made clear that China is welcome to join as far as it can accept and fulfill the rules of the agreement.

At the diplomatic level, by promoting a "forward deployed diplomacy" (Clinton 2011), the United States has shown its intention to improve bilateral relations and diplomatic coordination with Asian countries and to enhance the strength of the regional multilateral institutions like ASEAN, Asia-Pacific Economic Cooperation (APEC) and the Asia Pacific Forum (APF), in order to provide a better response to common challenges.

Security – the third dimension of the Rebalance Strategy – goes beyond its military aspect and includes a wide range of elements, such as combating the proliferation of weapons of mass destruction, piracy, terrorism, organized crime, but also deals with cyber-security and natural disasters relief.

Since the announcement of the Rebalance Strategy by the Obama Administration, it has been received with mixed reactions. The strategy was

welcomed by some of US allies and partners, such as Japan, Australia, Singapore, as well as by states like Vietnam and the Philippines that have a territorial disputes with China. Meanwhile, some other countries, like Indonesia, Malaysia, Thailand and India, preferred a more cautious and reserved attitude (Sutter et al. 2013, p. 2).

Transformation of the US alliance system in the Asia-Pacific

The military aspect of the US rebalancing has been often over-emphasized and seen as a main driver of the strategy. However, an in-depth examination of the military aspect facilitates the identification of three major directions, as follows: foster military cooperation with Asia-Pacific countries other than China; enhance the US military presence in the region; and, balance and engage China.

Foster military cooperation with Asia-Pacific countries other than China

After the Second World War, the United States built a system of alliances in Europe as well in Asia, mainly in order to counter the expansion of the communist threat. While in Europe the United States supports a multilateral security arrangement (NATO), in Asia, it prefers a hub-and-spoke security system based on bilateral security arrangements (Ikenberry 2004, p. 358). The hub-and-spoke security system is built on five formal mutual defense treaties with Japan, Australia, the Republic of Korea (ROK), the Philippines and Thailand. Although the United States engaged in a defense partnership with Malaysia, New Zealand, Singapore, India and Vietnam, there are no mutual defense obligations between them and therefore they are considered partners of the United States rather than spokes of its alliance system. After the end of the Cold War, the Asian security system has not changed much in terms of members and features, contrary to NATO, which has been enlarged and redefined in order to reflect the international dynamics.

In the traditional hub-and-spoke alliance, the United States is the center (hub) of the system as the main provider of security. This system maximizes hub control over its allies by promoting a hierarchical relation-

ship and clear division of roles, with little interoperability and without cross linkages or integration between members. A comparison between spoke-countries will reveal an uneven development within the system. Thus, while Japan and Australia have a high degree of integration with the United States, that is not the case for the Philippines and Thailand. While the operational control of Thailand's forces, Japanese or Australian ones in times of war is assured by their own military, the war-time operational control of South Korean forces is still assured by the United States, at least until 2020 (Calder 2004; Baker 2013; Sisk 2014).

However, the Rebalance Strategy encourages US allies to enhance their military capabilities in order to better defend themselves, to assume more responsibilities and play significant roles in the regional security architecture. While the United States remains the main provider of security, its allies evolved from a status of a protégé to that of partner, from security beneficiary to security providers and from dependence to shared responsibilities. From this perspective, the Rebalance Strategy can be reminiscent of the Guam Doctrine (known also as the Nixon Doctrine or "Vietnamisation policy") and thus some scholars referred to it as the "Neo-Nixon Doctrine" (Ladwig, 2012). President Nixon initiated the Guam Doctrine in 1969 at a time when the United States was facing the danger of overstressing its military capabilities in order to fulfill its commitments (in a similar way to the current situation). The Doctrine implied that while the United States would meet its treaty obligations and provide a nuclear shield if necessary, it was expected in return that the US allies would improve their ability to defend themselves (Nixon 1969). A significant difference of the Rebalance Strategy from the Guam Doctrine is that it indicated that some of the US allies (especially Japan and Australia) might play a broader role within US strategy, not only by assuring their own defense, but also by taking over some of the US security burden at the regional level (e.g. the extension of Japanese patrols over the South China Sea).

In this regard, the recent efforts of the Abe Administration to reduce restrictions on the Japanese Self-Defense Forces (JSDF) and to allow them to exercise the right to collective self-defense should be understood as consistent with the US Rebalance Strategy and not as an expression of Prime Minister Abe's personal desire to revive Japanese militarism.

Moreover, facing the same challenges and security threats, some of the US allies will look to increase and diversify their bilateral cooperation, while some of the partners will try to enhance their cooperation with the United States and its allies. These changes may lead to a transformation

of US alliance patterns, giving rise to a networked model of alliance in which spokes become nodes (Blair & Hanley 2001). Such a transformation was seen necessary as early as 2001 by Admiral Dennis C. Blair, former Commander-in-Chief of the US Pacific Command. Blair argued for a modification of the US security mechanism from “wheels” to “open webs” in order to promote integration and cooperation (*ibid.*, p. 11).

While it is difficult to think that these changes will lead to a multi-lateral security agreement similar to NATO in the Asia-Pacific region, it represents a good framework for higher interoperability and coordination with the US forces. By allowing a “spokes joining” (Chubb 2014, p. 22) based on common interests and shared values, the “network-centric” model increases the spokes’ ability to carry out joint operations and to provide an efficient and coherent response to common challenges with or without the hub (Committee on Foreign Relations 2014, p. 19).

Moreover, the United States encourages the creation of security triangles that contribute to enhancing communication between allies and allies (US-Australia-Japan, US-Japan-ROK), allies and emerging partners (US-Japan-India) and facilitate the transfer of technology and knowledge from allies to partners (Japan-the Philippines-Vietnam). In such security triangles, Japan is playing a significant role by being actively engaged in providing military assistance to Southeast Asian countries and developing defense cooperation (in the form of equipment transfer and technologies, military education, joint training) with some US allies.

However, the transformation of the alliance system is not free of challenges. One of the most important challenges comes from the inside of the alliance and is related to the United States’ ability to manage its allies and partners. In this regard, the progressive normalization of Japan and the “proactive pacifism” promoted by the Abe Administration, while strongly encouraged by the United States, may raise concerns for other allies, especially South Korea. The persistence of collective memories about wartime, as well as the existence of the territorial dispute over Takeshima/Dokdo may disrupt the United States’ intention to improve their trilateral cooperation. Meantime, in the South and East China Seas, some of the US partners and allies are raising territorial claims not only against China, but also against each other (the Philippines-Vietnam-Malaysia), so that they may show a certain reluctance to work together.

In such a context, if security cooperation between allies and partners is backed by economic and diplomatic coordination, it may contribute

to increased mutual trust and confidence, to strengthen the links at the bilateral level as well as within a regional organization and, thus, to have a positive impact on the regional stability.

Enhance the US military presence in the region

In 2012, the former Defense Secretary, Leon Panetta, announced that the United States would enlarge its military presence in the Asia-Pacific region by force redeployments and force rotation. Accordingly, 60% of Navy assets and 60% of Air Force overseas-based forces will be located in the region by 2020 (including space and cyber capabilities). Annually, almost 7,000 service members will be deployed through rotation in Australia (2,500) and Philippines (4,500). Moreover, new port facilities for ship rotation will be used in Singapore (Changi) and Vietnam (Cam Ranh Bay) and new military bases will be established in South Korea (Jeju) and Australia (Darwin), while some old facilities will re-open in the Philippines (Subic Bay, Zamboanga City) (Pellerin 2014).

At first glance, it seems to be a massive deployment of forces that can have a significant impact on the military balance in the region, but in reality, 50% from Navy assets and 40% of Air Force overseas-based forces were already located in the region long before the announcement of the Rebalance Strategy (Gautam 2014, p. 70). Moreover, the US Pacific Command (USPACOM) whose area of operations is “stretching from the waters off the west coast of the United States to the western border of India, and from Antarctica to the North Pole” has assigned under its command 360,000 military and civilian personnel including those located in Japan and South Korea (USPACOM 2014). As Janine Davidson – former Deputy Assistant Secretary of Defense for Plans – has mentioned that the US Rebalance does not imply a deployment of troops from Europe or from the United States to Asia, but rather refers to a return of US personnel and assets from Iraq and Afghanistan to their military bases in Asia or Europe (Davidson 2014). Actually, facing personnel (80,000) and overall defense budget reduction (\$500 billion during the next decade), the Obama Administration tries to avoid significant expenditures by promoting a rotational deployment of forces and capabilities and by enhancing flexibility and mobility of US forces (Simeone 2014). Moreover, the United States attempts to ease its own financial burden by encouraging its allies and partners to boost their own capabilities and improve their cooperation. In this regard, some of

the US allies, for instance Japan or Australia, can positively contribute to strengthen the alliance system by providing financial and material assistance to less equipped and less prepared partners (Brar 2014).

Nevertheless, the United States tries to address some limitations and weaknesses of its defense system in Asia, both by reinforcing its own military capabilities and by developing new concepts. The US defense documents reveals that (U.S. Department of Defense 2012b, p. 7; U.S. Department of Defense 2014, p. 6) while the United States was deeply involved in the Iraq and Afghanistan conflicts, in Middle Eastern issues and the Global War on Terrorism, China identified niches and limitations of the US power projection and developed Anti-Access/Area Denial (A2AD) capabilities (defined as counter-intervention in Chinese), which can challenge the United States' ability to protect its allies and to assure the freedom of navigation keeping open the SLOC. Thus, the development and implementation of the Joint Operational Access Concept (JOAC) for the Asia-Pacific based on the Air-Sea Battle (ASB) – which implies an integration of air, land, naval, space and cyberspace capabilities that enhance the ability to project power and sustain operations and counterbalance the enemy's A2/AD capabilities – must be seen as a solution that addresses potential limitations of the US security system (U.S. Department of Defense 2012a).

This may lead to the conclusion that the military aspect of the Rebalance is focused on quality over quantity. Therefore, the rebalancing strategy does not imply a significant increase of the US presence, but rather a modest reinforcement of the existent forces, a diversification of the capabilities (by including satellite tracking and cyber capabilities) and a broaden distribution of the existent forces – from Northeast Asia towards Southeast Asia, from the Indian Ocean to the Western Pacific.

Balance and engage China

Although the military aspect of the Rebalance is seen mainly as a modality to counter Chinese growing military capabilities, it has in reality a dual character. On one hand, as mentioned above, the US tries to balance China by readjusting its strategy and upgrading its alliance system. On the other hand, the United States engages China over key security issues as terrorism and nuclear proliferation (Iran, North Korea, Afghanistan), by promoting military to military dialogue and encouraging Chinese participation in peacekeeping operations and joint exercises. Thus,

in 2012, the United States and China carried out their first counter-piracy naval exercise (Churchill 2012) and had defense exchanges at the level of ministers, while in 2014, China took part for the first time in the multinational joint exercise RIMPAC 2014 (U.S. Pacific Fleet 2014).

Nevertheless, the dangerous proximity in which Chinese, US and other Asian militaries operate in the region, especially around regional flashpoints, may increase the risk of unintended clashes, which can easily escalate into a conflict. Such a context raises a risk of entrapment for the US, which can be dragged into a confrontation with China following a more aggressive stance of one of its allies. In this regard, the US has initiated negotiations in order to establish mechanisms that can regulate behaviors and manage the tensions, like a Code of Conduct in the South China Sea.

Moreover, the US attempts to enhance the role of regional organizations, such as ASEAN, in order to provide a collective and efficient response to crises and to diffuse regional tensions. However, China refuses to involve any regional and international organization (the UN) in its territorial disputes and prefers to deal separately with each country. Such opposite positions lead to a split between the members of the regional organization and have a negative impact on their ability of conflict resolution.

China's Response to the US Rebalance Strategy

The hedging strategy promoted by the US has given rise to a multi-dimensional response from China. First of all, China is pursuing "charm diplomacy" by building its own network around the world and by proposing "a new regional security cooperation architecture" for Asia (Tiezzi 2014). In this regard, Chinese leaders have promoted a Silk Road Economic Belt in Central Asia and a Maritime Silk Road in Southeast Asia by seeking to enhance bilateral and multilateral cooperation in the fields of economy, energy and military. As a consequence, it is not surprising that during his official trip to Indonesia in October 2013, Chinese President Xi Jinping underlined the need to deepen economic integration with ASEAN countries, but also proposed a Treaty of Good Neighborliness, Friendship, and Cooperation between China and ASEAN in order to build a "community of common destiny" (Xi 2013). While the "ASEAN Treaty of Amity and Cooperation" – which is currently in force – is

open to all external partners that wish to adhere to it, the proposal of a new agreement solely between China and ASEAN is of extreme importance, as it may indicate the intention of China to limit the influence of the US or Japan on ASEAN. Moreover, the Asian Infrastructure and Investment Bank (AIIB), a multilateral financial institution created due to a Chinese initiative – for which Japan is a notable absentee, but New Zealand has officially decided to be a member and Australia is deciding its participation at the moment of March 2015 – can be seen as a modality in which China is setting up a parallel institution to an existing one, nothing but a process that aims to challenge the US-dominated order.

In its intention to counterbalance the US strategy, China has been trying to strengthen military ties with Malaysia, Thailand and Indonesia through joint training, military trade and defense exchanges, etc. Moreover, China has attached a great value to a bilateral relationship with several countries, by upgrading (during 2013 and 2014) its “strategic partnerships” to “comprehensive strategic partnerships” with Malaysia, Indonesia, Australia and New Zealand, countries that may play an important role in the US strategy.

The second major response to the Rebalance Strategy with considerable impact on security architecture is a potential rise of a China-Russia security partnership. Although many analysts doubt the viability of the Sino-Russian partnership which is deemed as a “axis of convenience” (Bobo 2008, p. 5), so far both countries managed relatively well their divergences and overlapping interests by permanently readjusting their relationship according with common interests (Parepa 2012).

While China and Russia showed a certain diplomatic coordination within the United Nations Security Council, their cooperation in energy and military fields are increasing not only at the bilateral level, but also at the multilateral level within the framework of Shanghai Cooperation Organization (SCO) and Conference on Interaction and Confidence-Building Measures in Asia (CICA). Since 2010, they have promoted a Joint Russian-Chinese Initiative on Strengthening Security in the Asia-Pacific Region and increase calls for a “new security concept” and “establishing a new security architecture in the Asia-Pacific,” which exclude the US. Moreover, the increasing number of joint defense exercises that imply a large mobilization of forces and military equipment may indicate a certain coordination of their actions in the region in order to increase pressure on the US allies and partners (Parepa 2012, p. 27).

Thirdly, the spread of US presence and the enlargement of its security partnership create for China the perception of a strategic encirclement,

leading it to take more assertive behaviors in international relations. Many of the Chinese security-related measures could be understood as an active response to the US, its allies and partners. China has chosen to enter into an action-reaction dynamic with the US, Japan, Philippines or Vietnam. For instance, one of the first reactions of Chinese leaders after the announcement of the US Rebalance, was to declare the intention to become a maritime power in the forthcoming decade and thus, to underline the need to accelerate the modernization of its naval forces and to increase their combat readiness (Xinhuanet 2012). One week after President Obama's visit to Asia (April 2014) and declaration of support for the Philippines and Vietnam, China has arrested Philippine fishermen and deployed an oilrig protected by maritime enforcement agencies in the South China Sea. Moreover, following the nationalization of the Senkaku Islands in September 2012 by the Japanese government, China has started to challenge the Japanese control over the islands by increasing the frequency of maritime and aerial patrols and by unilaterally declaring in November 2013 an Air Defense Identification Zone (ADIZ) that covers the disputed area. Such actions that have been defined as "reactive assertiveness" (ICG 2013) create the impression that China is ready for confrontation.

At the same time, they can reveal a certain perception of the Chinese leadership about China's status in the world. Empowered by growing economic and military power Chinese leaders may perceive a gap between the real status of China – as a great power – and the perception of China by other countries. In this regard, by promoting a proactive security policy and engaging in actions that can show its strength, China may try to achieve "recognition" as an important actor in international affairs, especially in the Asia-Pacific region, and to be treated like an equal by the US. In this sense, the proposal that President Xi Jinping addressed to his American counterpart to "build a new type of great power relationship" (Zhao 2014), as well as the observation that "the vast Pacific Ocean has ample space to accommodate two great nations" (Li et al. 2014) can reflect the Chinese self-perception of its status in the world.

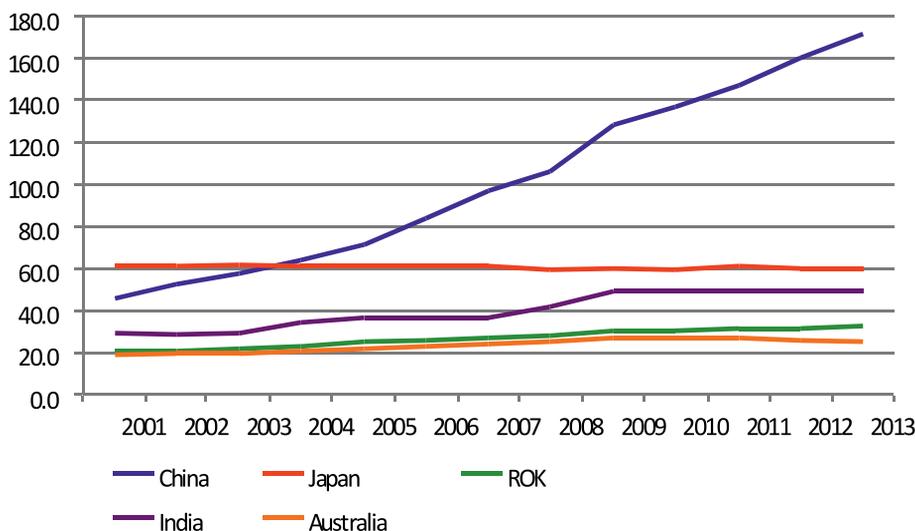
Arms race or military modernization?

The announcement of the Rebalance has created a heated debate among scholars: whether or not the US strategy is leading to an arms race in the Asia-Pacific region. An analysis of military spending in Asia

(based on data gathered from SIPRI databases – as region and by country, excluding China) before and after the announcement of the Rebalance Strategy will show that while spending preserves an upward trend, there is no a major increase between 2011 and 2013.

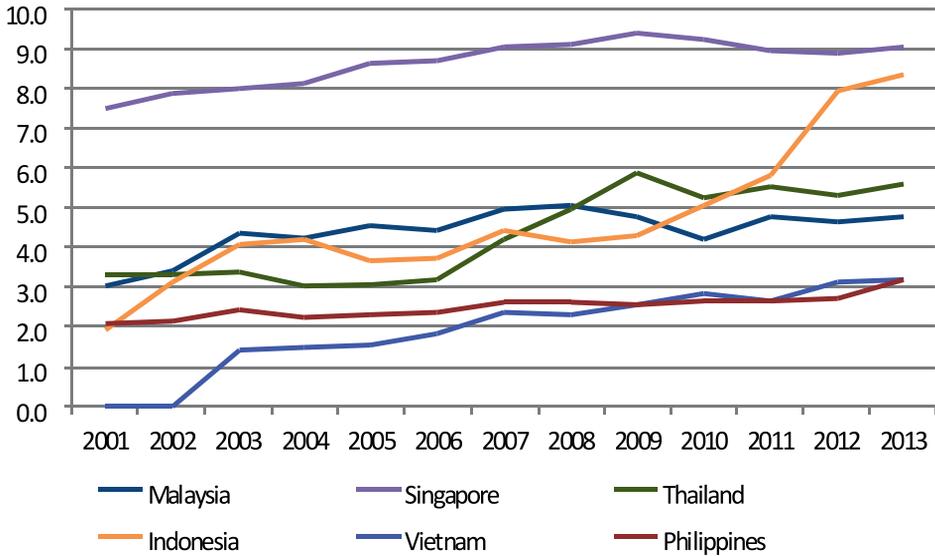
Actually, between 2001 and 2013, some Southeast Asian countries have been adjusting their military expenditures accordingly with the evolution of Chinese military spending. This will show a slow increase from 2001 to 2005 and a major increase after 2005 when China became the world’s second largest military spender (Graph 1. and Graph 2.). Besides the Chinese rise in military spending (an increase of 170% from 2004 to 2013), the perception that the US has put Asia on a secondary stage in its foreign policy priorities, by focusing on the Middle East and Afghanistan, may have increased the fear of abandonment of its Asian allies and partners in contributing to a rise of their military spending.

According to SIPRI, the defense spending in real terms in Asia and Oceania increased just by 3.6% in 2013. While Japan’s military expenditures remain stagnant, the defense spending in Australia felt, but Chinese military spending has increased by 7.4%. Meanwhile, the military expenditures in Southeast Asia increased by 5%, a trend being led by Indonesia, the



Graph 1. The evolution of military expenditures: China, Japan, ROK, India and Australia, 2001–2013 (USD)

Source: based on SIPRI databases.



Graph 2. The evolution of military expenditures: Malaysia, Singapore, Thailand, Indonesia, Vietnam and the Philippines, 2001–2013 (USD)

Source: based on SIPRI databases.

Philippines and Vietnam. However, such increases do not indicate an arms race due to the Rebalance Strategy, but are rather related to the military modernization programs that take place in some countries (Anjaiah 2014).

For 2014, China announced an increase of 12.2% (RMB 808 billion/ USD 132 billion), while some of the US allies decided to redirect their financial flows to military equipment acquisition and modernization. In this regard, Japan has announced an increase of 5% over the next five years, while Australia announced an increase of 6.1% for 2014–2015 (Perlo-Freeman & Salmirano 2014).

A comparison between China (which represents 11% of total world military spending in 2013) and the US (which is still the world largest spender, with 37%) may create the impression that China still lags far behind the US and will need a long time to reduce their gap. In this regard, some scholars assert that “the power gap between two countries [...] hasn’t been substantially narrowed” (Zhu 2012, p.3) and it is difficult to think that China may become soon the US’s “peer military competitor” (*ibid*, p. 9). In reality, a detailed analysis of their spending will reveal that the Chinese budget does not include expenditures related to research and development and equipment acquisitions and there is a significant gap between per soldier spending.

These factors may allow China to catch up with the US more quickly than expected, especially if the US continues its cutbacks in its overall defense spending (almost USD 500 billion in the next decade).

Generally, the data above shows that the increase of military expenditures in Asia started a long time before the announcement of the Rebalance Strategy and is strongly linked with China's rise and a perception of the US's disengagement from the region. While the announcement of the Rebalance has not led to a major increase of military spending without reducing a upward trend in Asia. However, this trend is explained by military modernization and did not escalate to an arms race in the region.

Conclusion

The Rebalance Strategy, which is one of the most significant developments of the recent US security and foreign policy, can be summarized as continuity, reinforcement, engagement and enlargement: continuity because it is based on established ties with countries across the region; reinforcement because it aims to strengthen the relationship with allies and partners; engagement because it seeks to actively engage China, but also other emerging powers such as India and Indonesia; and, enlargement because it diversifies relationship within multilateral institutions, such as APEC, ASEAN and APF.

Although the Rebalance Strategy is a whole-of-government approach for the US, the paper has mainly focused on the military dimension in emphasizing that one of the most notable aspects of the Rebalance Strategy is represented by the transformation of US traditional security system in Asia from hub-and-spoke toward a networked model of alliance. While the new model definitely eases the burden of the US as the main security provider, the greater responsibility required by the US to its allies will allow them larger autonomy and enhanced security roles at the regional level which may spark conflicts of interests, rivalry or bold actions. Therefore, it will be crucial for the US to proactively coordinate and manage its allies and partners in identifying and emphasizing common grounds, shared interests and values in order to maintain a stable regional security environment.

China's multifaceted response to the US Rebalance has shown a certain flexibility of new Chinese leaders to adapt rapidly to the changes in the security environment. By fostering the relations with Russia and by

expanding its own global network, China is steadily advancing on its path that aims to create a parallel international order that might be attractive even for some of the US allies and partners.

As to the initial question, whether or not the US strategy is contributing to maintaining the security and stability in the region or leading to an arms race, the discussions in this paper lead to mixed conclusions. On one hand, the US Rebalance contributes to security and stability by engaging China, providing security guarantees, reinforcing the US's commitment to allies and partners, promoting a stronger role of the regional organizations and encouraging cooperation between its allies and partners at various levels. On the other hand, by balancing China, by encouraging its allies to assume more security responsibilities in transforming the traditional security alliance, the Rebalance Strategy creates a perception of strategic encirclement of China. Such a perception gave rise to China's "reactive assertiveness" that can have a destabilizing impact on security architecture in the Asia-Pacific region.

Note that the increase of military expenditures in the region had started long before the US Rebalance Strategy, as a result of the perception of the US's weak engagement in Asia and the increase of Chinese military power. Nevertheless, some increases will potentially occur as a consequence of the Rebalance Strategy: on one hand, China will make use of it as a pretext for growing military expenditures and capabilities needed to continue its military development, and on the other hand, such Chinese behavior will provoke other Asian countries' reactions in terms of military build-up. Finally, unless the Rebalance Strategy of the US is carried out and managed in an appropriate way, it may have negative consequences for the regional and global security situation.

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