

## **Asian century is marked by rising conflict**

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Armed tensions in the South China Sea, China and Japan edging to the brink of war, and now a North Korean nuclear test -- welcome to the Asian century.

This is not the Asian century economist Ken Henry and the Australian government had in mind when they released their hopeful report of the same name just a few months ago.

That document was mostly about how Australians might best prepare for the opportunities of unstoppable economic growth and middle-class aspiration in Asia's rising powers, especially China and India.

But instead of seeing only oceans of gold, Canberra has to get more serious about the possibility that Australia's Indo-Pacific region could transmute into a sea of fire.

There is nothing mysterious about this alchemy. The ingredients are plain. They include power, fear, self-interest and lethal technologies, plus those mainstays of crisis throughout history -- bad politics, bad diplomacy and bad luck.

Today's Asia is becoming the centre for globalised trade and the accumulation of wealth. Accelerated flows of information, finance and travel supposedly knit its nations closer than ever. The region's spectacular demand for energy, manufacturing, transport and construction is proving to be our economic boon.

Yet many of the region's states are simultaneously caught up in a saga of strategic mistrust, more Game of Thrones than Grand Designs. It's an unnerving plot where each thread of potential conflict is tangled with another.

All involve a rising China. But this does not mean Beijing likes the script, as the North Korean plotline reminds us.

Pyongyang's hereditary leader, desperate to seem dangerous beyond his years, wants nuclear weapons in large part to protect his regime and its cultish, militarised, privileged elite.

A working bomb shows prowess, maintains the myth of a war footing, and has the potential to deter or intimidate other nations. The latest nuclear test, following last December's long-range missile launch, confirms that Pyongyang wants to wield a weapon that works.

Japan and South Korea take it seriously, so much so that US President Barack Obama has felt compelled to take an extraordinary step. His administration has publicly reassured those two nations that the US is willing to defend them with all means, including what it has explicitly named the "nuclear umbrella", meaning Washington reserves the option of using nuclear arms against countries that attack or threaten its allies.

Fear of North Korea makes Japan and South Korea look to their defences and alliances, which in turn helps justify America's strategic pivot to Asia. All of which strengthens the hand of those in China who want a strong military in an assertive nation, which in turn troubles China's neighbours from New Delhi to Manila and Tokyo.

No wonder the medium-term danger of a nuclear-armed North Korea is overshadowed by a more immediate risk, and one which a decade ago would have been dismissed as an arch-realist's fantasy. That is the possibility of armed conflict between China and Japan.

For six months now, North Asia's two chief powers have danced closer to military miscalculation, all seemingly over a few disputed islets. But the confrontation over the Senkaku or Diaoyu islands is about much more than confused geography, or the fish and energy resources in the East China Sea.

In both countries, nationalism, confidence and official distortions of history are combining with defensiveness and insecurity. New leaders do not want to be seen to back down. Middle classes and the echo chamber of social media may be good for peace in the long run, but right now they are part of the problem.

On the frontline, meanwhile, the maritime forces on both sides have failed to achieve even basic communication channels or rules of the road to prevent incidents occurring or escalating to conflict. For China in particular, risk-taking at sea seems to have become a tool of policy.

That remains the case in the contested South China Sea, too, where there are real risks of China clashing with Vietnam or The Philippines, and the US being drawn again into a scenario barely imaginable five years ago.

And then there is the South Asian side of the Indo-Pacific, where a recent test of a submarine-launched missile has signalled that India is arming to deter China, while Pakistan keeps arming against India.

The Indian Ocean has become the world's busiest trade and energy highway. Before long, it could also be a zone of serious naval competition.

In all of these scenarios, an Australia engaged with Asia and allied with the US would not be able to magically quarantine its security or prosperity from the region's woes or its ally's expectations.

Yet this is the Asian century in which the Australian government seems content to cut defence spending and underfund our diplomacy, with little sign that the opposition is planning much in the way of urgent repair.

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