



**CANADIAN GLOBAL AFFAIRS INSTITUTE**  
**INSTITUT CANADIEN DES AFFAIRES MONDIALES**

# **Beware of the Dragon: The Challenges of China's Assertive Posture**

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June 2018

# POLICY UPDATE

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**M**uch has been made lately in Canada of the Trudeau government's refusal – after months of dithering – to allow China's state-controlled Chinese Communications Construction Co. Ltd. to buy construction company giant Aecon Group Inc. for \$1.5 billion.

The decision came after intelligence officials in Canada and the U.S. vehemently opposed the deal because of the [security implications](#). It was presumably so long in coming because the prime minister, like others before him, has been mesmerized by the possibility of more trade with China.

Not nearly as much attention was paid in Canada to another momentous decision that went against China and received far more negative attention there. The Pentagon [announced](#) on May 23 that it was kicking the People's Liberation Army Navy (PLAN) out of the biannual Rim of the Pacific (RIMPAC) naval exercises off Hawaii.

China made a very big deal in 2014 out of being invited to be part of the RIMPAC club for the first time. Held every second year, RIMPAC is by far the largest maritime war games in the world with more than 23,000 participants. Canada's contribution this year will include several frigates as well as the Royal Canadian Navy's new tanker and supply ship, the MV Asterix and other air and ground assets.

The timing suggests China was disinclined – 25 other countries will still take part – because Beijing had finally gone too far earlier in May when [it landed](#) frontline, nuclear-capable strategic bombers on one of the dozen or more artificial islands it has constructed on atolls in the South China Sea. The coral outcroppings are all far closer to the Philippines, Brunei, Malaysia, Indonesia and Vietnam than to China and every one of them is claimed by some of these countries.

In a brazen, multibillion-dollar building project that began about five years ago and has caused deep anxiety across eastern Asia and in Washington, Canberra and Delhi, China sent a fleet of dredgers to create artificial islands. It has subsequently established military bases on these islands that have greatly extended its military reach in the western Pacific.

An exasperated American admiral commanding the exercise from the USS Ronald Reagan four years ago told me he did not know whether to laugh or cry over how his Chinese guests had been behaving at RIMPAC 2014.

The Chinese not only showed up with three warships and a hospital ship, they also sent an uninvited spy ship. It positioned itself on the margins of the exercise, using electronic means to snoop on what was happening. This forced planners to move some of the action to U.S. territorial waters where the Chinese ships were not allowed.

Former U.S. president Barack Obama viewed RIMPAC as an opportunity to demonstrate Washington's good intentions towards the emerging superpower. China viewed the American charm offensive as an unprecedented opportunity to follow U.S. Navy carrier operations, which it has apparently used to assist it to quickly build up this massively complicated and expensive blue-water capability from scratch.



When I flew out to the Reagan in 2014, one of the journalists on that flight was a reporter from Chinese state television. In the spirit of the times, she not only got time for a one-on-one interview with the admiral but was allowed to freely shoot video of warplanes launching and being recaptured on the flight deck. She also took video of the bridge, vast hangars crammed with U.S. warplanes, the living quarters and some of the work stations of the 5,500 sailors who worked below decks.



*Figure 1: People's Republic of China, People's Liberation Army (Navy) ship Qiandaohu (AO 886) steams in close formation as one of forty-two ships and submarines representing 15 international partner nations during Rim of the Pacific (RIMPAC) Exercise, 2014. (Source: RIMPAC/US Navy)*

Meanwhile, back at Pearl Harbor, it was comical to see dozens of Chinese military medical doctors, nurses and technicians toting video cameras as they swarmed over the operating suites and surgical wards of the San Diego-based USNS Mercy during a port visit. They captured the 1,000-bed hospital ship from every conceivable angle as Western journalists stood back and watched in amazement.

As their cameras rolled, the Chinese visitors peppered surgeons and nurses who had served in Afghanistan with highly detailed questions about the medical treatment they had provided there as well as the many capabilities of this superbly equipped hospital-at-sea.

With the decision to shut the Chinese out of RIMPAC, such openness has obviously ended. The presence of Chinese bombers and fighter jets on one of the artificial islands may have been the final straw, but Washington and its allies do not want for reasons to view China as a rival – if not an enemy – rather than as a friend.

Keeping track of what China has been up to militarily requires a long scorecard. There have been dozens of worrying developments over the past few years, including at least one that involved



Canada. I joined the HMCS Winnipeg last summer in the East China Sea just after Chinese frigates and spy ships shadowing the frigate came within three nautical miles of it as it conducted exercises with the South Korean and Japanese navies in international waters.

China's sea grab in the South China Sea encompasses about 80 per cent of those waters, which happen to be the most heavily travelled sea trade routes in the world and therefore vital to global commerce. Because more than \$3.4 trillion in trade courses through these waters every year, Seoul, Tokyo, Singapore and Washington have raised serious concerns about the future of freedom of navigation there.

That China was allowed to get away with its island-building enterprise could turn out to be the greatest security failure of Obama's eight years in office. Despite pleas from the U.S. Navy to block Beijing's island-making adventure because it created what in the Middle East is known as "facts on the ground", Obama chose only to issue empty warnings for China to desist. Moreover, Obama's vaunted "Asian pivot" to check China's rise as a military force turned out to be little more than improving military bases on Guam, transferring a few warships from the Atlantic fleet to the Pacific fleet and rotating a couple of thousand Marines at a time through a tropical warfare training area in northern Australia.

The International Court of Arbitration in The Hague firmly rejected what China calls its "nine-dash claim" to most of the South China Sea two years ago. It found for the Philippines in a dispute over Mischief Reef, where Filipinos have fished for centuries.

China has [loudly refused to accept that decision](#) and has continued its ambitious island-building projects in these far-flung outposts while pressing separate claims to islands in the East China Sea that belong to South Korea and Japan.

I got a raw snapshot of what China has been up to when I flew last month from Singapore to Los Angeles on a United Airlines flight. A couple of hours into that long journey the aircraft flew very close to Mischief Reef, which is part of the Spratly Islands. They are situated 1,235 kilometres from China's Hainan Island, 350 kilometres from the Palawan Island in the Philippines and less than 400 kilometres from the Malaysian state of Sabah.

Visible from my window seat, 12,000 metres above the ocean, was a 2,700-metre runway as well as barracks, radar domes, ammo and fuel dumps, new anti-ship and anti-aircraft missile batteries and what the Pentagon has described as electronic jammers. The facilities had all been built since 2014. China added 558 hectares of land to transform the idyllic horseshoe-shaped lagoon from a

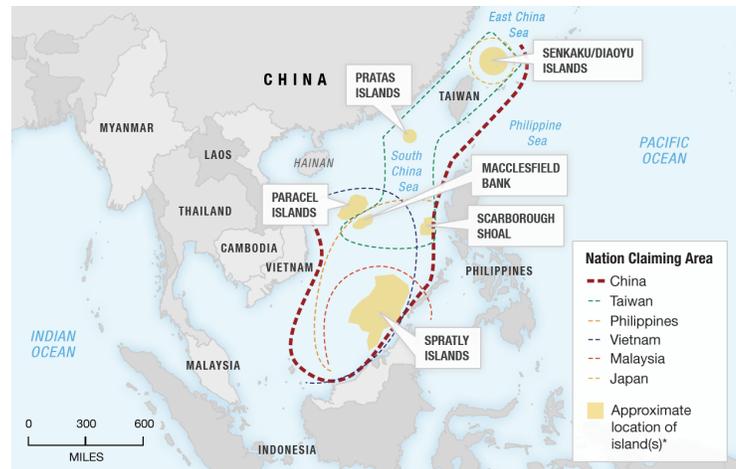


Figure 2: Map showing overlapping territorial claims in the South China Sea. (Source: Student News Daily)



tiny geographic feature that looked as if Robinson Crusoe might have washed ashore there, into a frontline military base.

While marvelling at such feats of engineering and how quickly they are being built on at least three atolls in the Spratly Islands, it is worth remembering that when Beijing first sent dredgers to Mischief Reef in the 1990s it claimed it was building temporary shelters there to [protect fishermen](#) caught in typhoons. Since then, it has repeatedly declared with a straight face that what it was doing on the atolls had no military purpose. However, its buildup gives the Chinese effective control of the air and sea, including parts of the Philippines, Malaysia and Brunei.

In a newish twist, Chinese air traffic controllers on the manmade islands now often insist that airline pilots overflying the air space seek permission to do so. Rather than cause an incident, most Western carriers have been going along, providing international recognition of sorts that these vast waters all belong to Beijing.



*Figure 3: Chinese structures and an airstrip on the man-made Subi Reef at the Spratly archipelago in the South China Sea are seen from a Philippine Air Force C-130 transport plane. (Source: Associated Press)*

This pressure on international airlines is of a piece with the decision earlier this month by Air Canada and a dozen other carriers to curry favour with Beijing by accepting its long-disputed claim that Taiwan is not an independent state but part of China. Air Canada gave in to a demand by the Civil Aviation Administration of China (CAAC) to abide by a Chinese law that says Taiwan is territory which belongs to China by changing references to Taiwan in its advertising to Taipei,



CN or Taipei, China. Soon after that, the Royal Bank (RBC) [changed its rules](#) for anyone sending money to Taiwan by stating on the transfer form that the island state is a province of China.

The U.S. and Australia publicly denounced China's attempt to impose its views about Taiwan on other countries and foreign companies. Rather than take a position, Global Affairs Canada's lame response was that "Air Canada and RBC are private companies and are responsible for the contents of their websites."

China has also recently conducted major naval exercises and sent nuclear-capable bombers near Taiwan.

In keeping with the mixed signals that Canada sends about China, three weeks before the Aecon sale was banned on security grounds, the HMCS Vancouver [conducted exercises](#) with Beijing's navy. This occurred after a long port visit to Hong Kong at the beginning of an Asia swing that will include participation in RIMPAC 2018. Curiously, while Canada's consulate in Hong Kong announced the port visit, it did not mention that the Vancouver would be sailing alongside the PLAN.

At the same time that China has been militarizing the South China Sea, it has gone on a naval building spree perhaps not seen since just before the First World War, when Britain and Germany were involved in a race to build bigger and better warships. To great fanfare in China, the PLAN has commissioned an old Ukrainian-built aircraft carrier that was towed to the Far East at the end of the Cold War, ostensibly to be converted into a casino. Two homemade aircraft carriers are already in the works with many more expected after that. Dozens of new submarines and surface ships are being built, too.

This is of a piece with Chinese acquisitions of ports in the Indian Ocean in Sri Lanka and Pakistan and major projects in the western Pacific, including an airport at Guadalcanal in the Solomon Islands. The possibility of a Chinese naval base in Vanuatu has been giving Australia fits, and there's also a \$2 billion bid to build a fish farm in French Polynesia beside infrastructure, including an airport, left behind when France ended Pacific nuclear tests more than 20 years ago.

China has already tested its growing capabilities as a blue-water navy by sending warships to the Baltic Sea, the Mediterranean and the western Indian Ocean, and establishing a naval base in the Horn of Africa at Djibouti. With Canada's blessing, Beijing also sent an icebreaker through Canada's Northwest Passage.

Regrettably, denying Beijing access to the secrets companies such as Aecon have and disinventing its navy from RIMPAC 2018 will not save the South China Sea from Chinese control. It is already too late for that.

Still, these are clear signs that after cosyng up to China because of its trade potential, many Western nations are slowly waking up to the security challenges posed by a new superpower which has demonstrated little interest in the usual norms of international law.



India, Australia, Japan and the U.S. re-established a quadrilateral security dialogue (QSD) last fall which some believe could eventually become an Asian NATO. One of its first goals is for their navies to work collectively in the Indian Ocean and Pacific Ocean to keep them “free and open”. China was not formally mentioned, but the [intention was obvious](#).

Adding to this growing verbal tempest, a Marine Corps three-star general, Kenneth McKenzie, [said last week](#) that it was “a historical fact” that a core competency of the U.S. military was in “taking down” small islands such as those that China had built in the South China Sea.

Only last week, two U.S. cruise missile-equipped warships passed close to Chinese military installations built on the disputed Paracel Islands in the South China Sea as part of a freedom-of-navigation operation. The Chinese [declared this to be](#) a serious violation of their sovereignty, saying it had undermined strategic mutual trust and security.

Canada has until now been silent about all of this and about joining the so-called quad of India, Australia, Japan and the U.S. Unlike the U.S., Japan and Australia, Canada has been extremely careful about saying or doing anything to anger Beijing. Given what the Trudeau government has apparently learned from its intelligence services about the dangers posed by the proposed Aecon sale, and from Chinese behaviour in trying to seize most of the South China Sea, it may soon face pressure from its closest allies to join this new coalition. Or it may not get invited into this new club because Canada, almost alone now among Western nations, is so soft on China.

## ► About the Author

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***Matthew Fisher** is a Fellow at the Canadian Global Affairs Institute. He was born in northwestern Ontario and raised there and in the Ottawa Valley. He has lived and worked abroad for 34 years as a foreign correspondent for the Globe and Mail, Sun Media and Postmedia. Assignments have taken him to 162 countries. An eyewitness to 19 conflicts including Somalia, the Rwandan genocide, Chechnya, the Balkan Wars, Israel in Gaza and Lebanon, the two Gulf Wars and Afghanistan, Matthew was appointed as the first Bill Graham Centre/Massey College Resident Visiting Scholar in Foreign and Defence Policy in 2018.*

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