

US-CHINA RELATIONS AND THE SOUTH CHINA SEA CONFLICT

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Abstract

The US-China relations have seen many ups and downs due to conflicting perceptions and policy orientations. Presently, Chinese moves in the South Pacific Rim are perceived as a threat to the US interests in the region. This has led the United States to shift its policy preference towards the Pacific region. China has also shifted its focus towards the Oceanic affairs to attain strategic depth, as the Pacific Ocean has become important due to its trade and economic routes. Chinese rapid economic growth, expanding market and military modernization have led the US to think about China as a major competitor and a challenger rather than a strategic partner.

Key Words: *South China Sea, Hedging Strategy, Access Denial Strategy, Containment, Encirclement, Conflict Management.*

Economic growth and resources were priority of the hegemonic powers in the 20th century but in the 21st century, geopolitics has overruled the geo-economics where globalization does not work without geopolitics. Waters and sea-lanes are as much important in the 21st century as was land in the 19th and 20th centuries. The 21st century also gave oceans and maritime resources a centre stage in the global politics, hence changing the traditional concept of hegemony. In the era of globalization, the United States is facing challenge from many great powers such as Russia, Japan, Germany and China, who pose vital threat to the US hegemony and challenge its Superpower status. On the other hand, China has many territorial conflicts with its neighbouring states such as Japan, Vietnam, Malaysia, Indonesia, Brunei, Philippines and Taiwan. There are several choke-points and sea-lanes in the region where China claim indisputable sovereignty. The US is dominating the region with its alliance system in the Pacific region and the loss of US bases in the region

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would weaken its hegemonic position. Thus the Chinese policies in South China Sea are being perceived as a security threat to the US hegemony in the Pacific region.

Therefore, this research article endeavours to analyse the US-China rivalry over the South China Sea through historical claims, counter strategies and possible futuristic perspective and its implications for the region in the light of ground realities.

Theoretical Context

Many scholars have viewed the US-China relations with an eye of transition. Contrary to the US unipolar international system, China assumes that a multipolar international system would be a better approach to attain international peace. Pivotal point of relations between the two states is to attain and maintain power. Many international relations theories have discussed power variables such as classical realists; Waltz and Morgenthau assumes that the state's behaviour is driven by "Struggle for Power."¹ When a state attains a powerful status, it tries to increase it and to protect it by different means in the international system, "States have met each other in contests for power."² Organski has elaborated the power transition theory, which overrules the concept of hegemonic stability theory. He argues that this power cycle (attaining, increasing and maintaining) make states dissatisfied and the international system consist of one superpower and many great powers where the hegemon always feel threat from the rising revisionist challenger. Organski stated that "war is likely to be precipitated by a faster growing upstart in its attempt to displace the declining hegemon."³ The basic argument of Power Transition Theory clarifies the point that war looms when a secondary great power challenges a hegemon and conflict is eminent between a top ranked power and the challenger.⁴ The challenger will always be a revisionist and a dissatisfied great power whose rise will disturb the status quo of international system.

The theory argues that "the danger of a serious conflict exists only when a 'dissatisfied' power overtakes an international leader, conversely when a 'satisfied' power is poised to replace this leader, this danger can be avoided."⁵ In the 21st century, China is much dissatisfied with the current

¹ See Martin Griffiths, *International Relations Theory for the Twenty First Century*, (New York: Routledge, 2007).

² Hans J. Morgenthau, *Politics Among Nations*, (New York: Alfred K. Knop, 1976), 33, and Michael P. Sullivan, *Theories of International Relations: Transition vs. Persistence*, (New York: Palgrave, 2001), 115.

³ Ronald Tammen, et.al, *Power Transition Theory for The Twenty First Century*, (New York: Chatham House Publisher, 2000).

⁴ Ibid.

⁵ Steve Chan, "Exploring Puzzles in Power Transition Theory: Implications for Sino American Relations", *Journal of Security Studies*, 13:3 (2004), 103-141.

international order as it favours multipolar international system and poses a threat to the US hegemonic status. Power transition theory predicts that conflict may occur between states that do not have a tradition of friendship. The United States has strong ties with Brazil, Germany, and India and also to some extent with Russia. These powerful states are not much capable to overrule the US hegemony as they are strongly dependent on the US whether militarily or economically. But China with a potential to change the international system can alter the US position; if not the entire system but surely in the East Asia Region.⁶

The 21st century is the century of globalization and economic interdependence, and states' power is measured by its economic growth. In the Pacific, China is challenging the US hegemony through its military modernization and economic growth along with its maritime policies. The US is trying to counter this threat through geographical encirclement of China and strengthening its military and economic ties with bordering states. China with its strong economic influence on South Asia, Africa and Central Asia is challenging the US position and the pivotal point which can give leverage to China in the Pacific Region. Major conflicting maritime area in the Pacific Ocean is South China Sea, where China is strengthening its claim of territorial sovereignty. The complexity of US-China relation in the East Asian Region is well illustrated through tensions over the sea-lanes and maritime borders and jurisdiction. The South China Sea has become a major hub of trade and transportation, and the world economy is dependent on the free flow of trade through the Sea. As Mackinder's heartland in the 20th century, the South China Sea has become a heart of seas and ocean in the 21st century and the control of this area would define the control of world economy and international politics.

The South China Sea

The International Hydrographical Bureau defines the South China Sea as "the body of water stretching in a Southwest to Northeast direction, its southern border is 3 degrees South latitude between South Sumatra and Kalimantan (Karimata Straits), and northern border is the Strait of Taiwan from the northern tip of Taiwan to the Fukien coast of China."⁷ The South China Sea is a 3,500,000 square kilometre nautical area of the Pacific Ocean with different claims over un-inhabited islands. It is a region of small islands, reefs, and islets; rich in resources and geo-strategically important for trade and commerce. It is one of the busiest trade lanes in the world. It links the Pacific Ocean to the Indian Ocean as a bridge

⁶ Wang Yiwei, "The South China Sea Issue in the America's Asia Pacific Security Strategy: A Chinese Perspective", in Fu dan da xue and Meiguojinzhongxin, *New Perspectives on Sino-US Relations and Asia Pacific Security*, Shanghai: Centre for American Studies, Fudan University, 2008.

⁷ Hasjim Djalal, "Potential Conflicts in the South China Sea: In Search of Cooperation", *Indonesian Quarterly*, 18:2, (1990), 129.

between the two major oceans. Area of South China Sea includes 250 small islands and most of them are located in the Spratly and Paracel Archipelagos, and disputed among six neighbouring states - China, the Philippines, Taiwan, Brunei, Malaysia and Vietnam. These states have claim for the two main archipelagos Spratly and Paracel.⁸ The Paracel archipelago has total land area of 10 square kilometres and sea zone is 15,000-16,000 square kilometre. While the most important and disputed area is the Spratly archipelago, which links the Pacific Ocean to the Indian Ocean and its islands are small with no habitation. It is spread over almost 160,000 to 180,000 square kilometre sea zone area. The Spratly archipelago has 12 main islands, while 390 islets reefs, bays and banks. These islands and other features are 400 nautical miles from east to west, while 500 nautical miles from north to south. The Spratly archipelago occupy 38 percent of the South China Sea area.⁹

Geographically, the area is extended southward from China to Indonesia and Singapore and westward from the Philippines to Vietnam. In its north east region Malaysia and Brunei are situated. Bordering the South China Sea, it has East China Sea in its northeast on which China has dispute with Japan, while in the east-west it has border with the Indian Ocean, a major trading hub of the world and world economy depends on these trade routes. This geostrategic location of South China Sea has made it vital for the great powers like the US in the 21st century, who has shifted its policies from neutrality to the concern of its "core interest."¹⁰

The US Interest and Objectives

The United States as a world hegemon wants to maintain the status quo and secure its hegemony from any challenging state in the Pacific region, where its interest is threatened by the Chinese policies and sovereignty claim over the islands. The United States is a major economic stakeholder in the region and can face challenge to its economy through clashing objectives with China. The US and China are not locked in a zero-sum game but have concerns with each other's policies and strategies. Secondly, the US policies and objectives lie under the concept of "Global Commons"¹¹ that safeguard its military presence in the areas of common interest and protect the interest against any imminent challenge. In this way, the South China Sea is the most common area, as its geopolitical and geostrategic location along with the trade routes make it a centre stage for

⁸ See Beina Xu, "South China Sea Tensions", *Backgrounders*, Council on Foreign Relations, May 14, 2014.

⁹ Ibid., also see "FAST FACTS: South China Sea, a decades-long source of tension," Agence France Presse, November 18, 2012.

¹⁰ Patrick M. Cronin ed., *Cooperation from Strength: The United States, China and the South China Sea*, Centre for New American Security, January 2012.

¹¹ James Kraska and Raul Pedrozo, *International Maritime Security Law*, (Leiden-Netherland: Brill Publishers, 2013), 193.

all the major economies of the world, especially the US and China. Thirdly, the US intends to attain the capability for prevention of a rising power or any combination of powers in the East Asia region, which challenge its hegemony. As United State believes in unipolarity and prevention of any challenge to unipolarity is one of the cornerstones of the US policies. Fourth, the objective lies in the safety and security of its market and different trade routes all over the globe along with the containment of probable hurdles interrupting the access of these routes. So in the case of the South China Sea, the basic US strategy lies under the interest of freedom of navigation.¹²

The US interests are elaborated in the American National Interests Report 2000, which discussed the American concerns in peaceful resolution of the South China Sea dispute and states "The immediate US interest in the South China Sea disputes include maintaining peace, freedom of navigation and upholding law including the United Nations Convention on Law of the Sea."¹³ The US enjoys a dominant position in air, ocean and land but in the 21st century its superiority is being threatened by the Chinese maritime policies and the threat perception of the United State compels it to think from active neutrality towards active defence.¹⁴

Chinese Interest and Objectives

The Chinese interests in the 21st century can be defined through John Hemming's elaboration of Chinese "Rolling ambitions" that China is willing to seize opportunities for extending effective control over waters and trade routes that are of immense strategic importance, to continue economic growth, and its willingness to do this by using military force. China has three basic strategic objectives; one is the security of borders, which is influenced by its threat perception about the US encirclement strategy in the East Asian region. Chinese threat perception of US containment and encirclement strategy is strong after the Tiananmen Square incident (1989), which resulted in deteriorating US-China relations.¹⁵

The second objective is regional stability, which will ensure Chinese economic growth with regional economic prosperity. China is much more concerned about the resource security because of its economic and population growth. Demand of energy resources has increased with the increase in economy. China intends to get a position for uninterrupted access to resources. The South China Sea is important not only because it is a resource rich area but also because it is a basic connecting point to

¹² Patrick M. Cronin ed., *Cooperation from Strength: The United States, China and the South China Sea*, Centre for New American Security, January 2012.

¹³ Yiwei, "The South China Sea Issue..." ..

¹⁴ Ashley J. Tellis and Sean Mirski ed., *Crux of Asia: China, India and the Emerging Global Order*, Washington D.C., Carnegie Endowment for International Peace, 2013.

¹⁵ Ibid.

basic resource areas of the world, especially the Indian Ocean, Middle East and Africa. Almost 80% estimated energy supplies of China come through the South China Sea. Chinese naval analysts perceive that the US will use its naval power to threaten Chinese trade passing through the South East Asian region.¹⁶

Comparing the objectives of both China and the US, threat perception about each other's intention is the common factor, which makes both these states dissatisfied. Encirclement and counter encirclement strategies are being made by developing cordial relations around the Chinese borders. But while considering the maritime zone as a basic area of interest both the states are focusing on the strategies, which can give them leverage without any harm to the international system.

Claims over South China Sea

Concentrating on the issue of claims between coastal states of South China Sea, there are two dimensions of claims; one is the sovereignty claim, while the other is based on the maritime area in which the territorial sea area and Chinese baseline is vital. But the current conflict on the South China Sea is the interest of major powers, where Chinese claim intersects with the US interest of freedom of navigation and open sea access. The US has objective to get free access to the South China Sea, a vital connecting point between the two Oceans- Pacific and Indian.¹⁷

As far as the sovereignty claims of coastal states are concerned, China and Vietnam claim full sovereignty on all the islands of two archipelagos, Paracel and Spratly, while the Philippines claim 8 islands of the Spratly archipelago. The Philippines' claim over the South China Sea is evident in its first official statement in 1950; the president of the Philippines stated that any occupation of Spratly by an enemy would be considered a threat to the Philippines' security.¹⁸ The Vietnamese claim was elaborated in the conference of San Francisco and claim was based on the sovereignty over the Paracel and Spratly.¹⁹ When Chinese fishermen were arrested in crescent group by South Vietnam in 1974; China protested in a way that it is clear violation of Chinese sovereignty and integrity as "Hsisha islands are part of China's territory."²⁰ Chinese sovereignty claim over islands came forth in its first declaration on territorial sea in 1958; the Declaration emphasized that "This provision applies to all territories of the People's Republic of China...the Changsha

¹⁶ Bruce Vaughn, "China-South East Asian Relations: Trends, Issues and Implications for the United States," Washington DC., *CRS Report for Congress*, April 4, 2006.

¹⁷ Ibid.

¹⁸ Chi-kin Lu, *China's Policy Towards Territorial Disputes: The Case of the South China Sea Islands*, (New York: Routledge, 1989), 28.

¹⁹ Min GyoKo, *Island Dispute and Maritime Regime Building in East Asia*, (New York: Springer, 2010), 142.

²⁰ Ibid.

(Zhongsha) Islands, the Nansha Islands and all other islands belonging to China which are separated from the mainland and its coastal islands by the high seas.”²¹

The Chinese argument is based on the historical right over these Islands as China was the first who discovered and exploited these islands. This claim showed the Chinese strategic thinking that the territory which belongs to China can never be occupied by any foreign power. The first official statement of Chinese claim of historical right was stated in 1951 by Chinese leader Zhou Enlai who discussed that the history of Paracel and Spratly “dates back to the Sung Dynasty.”²² These islands were acquired back from Japan after its withdrawal and under are now again the Chinese sovereignty. China’s indisputable sovereignty over the Xisha and Nansha islands is presented by Chinese foreign ministry and published in 1980, which clearly elaborated Chinese claim that “the Xisha and Nansha Islands have been China’s territory since ancient times is fully proved by legal evidence... The Vietnamese authorities’ illegal occupation... can only serve to reveal their regional hegemonies and aggressor expansionist ambitions. China’s sovereignty over the Xisha and Nansha Islands is indisputable.”²³

As far as the role of the United States in the issue of South China Sea is concerned, it has no direct involvement in sovereignty dispute but is indirectly strengthening the dispute to make it ‘irresolvable’ for its strategic and economic interests. In 1950s and 1960s, Chinese threat perception regarding indirect involvement of the US was eminent, while countering the Philippines and Vietnamese claims China directly announced that the Philippines’ claim “is clearly product of instruction from the US government” and “American imperialism is deliberately planning to grab the Nansha Islands.”²⁴ The US-British draft treaty with Japan was considered as “Chinese territory has been traded off like petty cash.”²⁵ The Philippines’ interest in Spratly islands was described in a commentary as a “US plot of using certain ambitious elements in the Philippines for a grab at China’s Nansha Islands.”²⁶ All this perception regarding the US ambitions was a result of the previous strategy of containing China. Chinese scholar Fu Chu discussed that “the US imperialists not only militarily invade Taiwan but also support its lackeys, like the Philippines and South Vietnam, in their attempt to invade South China Sea islands, including the Nansha Islands.”²⁷

²¹ “Straight Baseline: Peoples Republic of China,” International Boundary Studies Series, (Washington D.C.: Geographer, Bureau of Intelligence and Research, 1978), 1-9.

²² Lu, “China’s Policy Towards....”, 29.

²³ Timo Kivimaki, *War or Peace in the South China Sea*, (Denmark: Nordic Institute of Asian Studies Press, 2002), 94.

²⁴ Lu, “China’s Policy Towards....”.

²⁵ Ibid.

²⁶ Ibid.

²⁷ Timo Kivimaki, *War or Peace in the South China Sea*, (Denmark: Nordic Institute of Asian Studies Press, 2002), 94.

The US Strategy in the South China Sea

The United States has adopted a strategy to counter Chinese threat and to achieve its objectives in the East Asian region. The United States know that antagonism and direct confrontation will harm its interest in the region and can harm the security of the entire region; as the South China Sea is not only important for China and the US but also for all major economies of international system. The United States built its strategy to counter Chinese influence through building a cooperative environment. Concerning the hegemonic order, China has become the major rival in the South China Sea and taken the place of Soviet Union. Formally, the US has no concern with the sovereignty disputes over the islands but has concerns with the innocent passage right through these waters, which may threaten in the near future if China gets full sovereignty over the South China Sea. There are three major policy options to the US; prevention, practice and deterrence; if it wants to secure its interest in the Pacific region.²⁸

Prevention is to secure the US interest "freedom of navigation." The US is using preventive diplomacy by strengthening economic and security relations with South East Asian states in anti-hegemonic efforts of China and the current evolving order in the region. Deterrence is to restrict the possible challenge to regional hegemony. In 1995, Joseph Nye, Assistant Defence Secretary of the US declared "military action occur in South China Sea... we would be prepared to escort and make sure that navigation continue."²⁹ To achieve this goal and to prohibit China from its hegemonic ambitions, the United States has adopted encirclement strategy through its military bases near Chinese borders in Japan, South Korea and also concluded agreements with Singapore, Indonesia and Malaysia. The US has deployed almost 10,000 troops in the region. These military bases and military presences of the United States in the East Asian region strengthen Chinese threat perception. The United States is strengthening military ties with the Philippines striving for more military bases in the region to build a complete hedge against the potential threat. Practice is the third likely strategy, which means the use of force as a last resort. If prevention and deterrence fails then the practice will be the last option for the US to keep its interest intact.³⁰

The Hedging Strategy

If the US wants to balance the power in Asia Pacific region then it must try to increase its military presence in the region. Assuming China as a capable potential challenger to the United States militarily in Asia Pacific region, the United States has adopted a hedging strategy. This strategy is

²⁸ Vaughn, "China-South East Asian Relations...".

²⁹ Yiwei, "The South China Sea Issue...".

³⁰ Vaughn, "China-South East Asian Relations...".

proactive to manage the Chinese capability and balance the equilibrium. Considering the US as an offshore balancer in the East Asian Region its forward basing system has encouraged East Asian States to bandwagon with it. For a credible security in the region, the United State is acceptable by many South East Asian states, the Philippines and Thailand, while with the Philippines it has strong military ties.³¹

The US-Philippines military relations were revived after the Mischief Reef incident in 1995 when China occupied the disputed Spratly Island Palawan. The US-Philippines relations are influenced by a stronger state through security assistance that influences the policy of a smaller state.³² The Philippines has passed the buck to the United State when it felt less capable to fight the Chinese policies for its territorial interest; it welcomed the US to balance the equilibrium in the issue. The United State is trying to influence the Philippines policies and its decision making for the South China Sea dispute and wants to overrule and eliminate the Chinese influence from the Philippines.

The US started to fund defence projects in the Philippines like the Navy's Coast Watch South Project, which is aimed to equip the Philippines navy with radar stations and other high frequency equipment.³³ In 2008 an annual combined exercise took place at Mindanao. In 2009, the US Secretary of Defence Robert Gates visited the Philippines and discussed the matters of concern along with the assurance of building a strong Philippine military. The 2012 standoff between China and the Philippines led the US to influence the Philippines decision making and the Philippines took the issue for international arbitration, which received a Chinese aggressive response as China does not want to internationalize the issue. All these activities are linked with the US objectives to convert this alliance into a hedge against China.³⁴

In response to the US strategies, China changed its mode of policy towards cooperation to counter the United States' hedge. China has adopted "No String Policy" to create a wedge between the US and its alliance system by creating an environment of economic interdependence. China with the objective of a Sino-centric order wants to create an integrated economy and reduce the US influence from the East Asian States and hostile bordering states like South Korea, Japan, India and Philippine.³⁵ China perceived the US-Philippines relations and security

³¹ See Kevin J. Cooney and Yoichiro ed., *The Rise of China and International Security: America and Asia Respond*, (London: Taylor and Francis, 2008).

³² Giorgil Gvalia, David Siroky, Bidzina Lebanidze and Zuraib Iashvili, "Thinking Outside the Bloc: Explaining the Foreign Policies of Small States," *Security Studies*, 22, (2013), 103.

³³ Ibid.

³⁴ Vaughn, "China-South East Asian Relations...".

³⁵ C. Fred Bergsten, Bates Gill, Nicolas R. Lardy and Derek Mitchell, *China: The Balance Sheet*, New York: Public Affairs, 2006.

cooperation as an access policy of US to restrict Chinese strategic ambitions in the Pacific region. Considering the US policy a threat, China used the strategy of soft power and established good economic relations with the South East Asian nations. China-Philippines trade relations strengthened which resulted in an increase of 33.3 per cent in 2006. In 2004 Defence Secretary of the Philippines Avellino Cruz and Chinese Defence Secretary signed a Memorandum of Understanding and assured military exchange and a consulting mechanism, meeting common threat of terrorism and other internal security issues. And in 2007 Chinese officials promised the Philippines for security assistance.³⁶

Brendan Cooley has evaluated Chinese strategic thinking and discussed that China has created a "Charm Offensive" design from which it thinks about the need to repair its relationship with the East Asian states. China is trying to strengthen its economic influence in the region with its cultural and economic engagement. Along with that it strengthens military ties with many East Asian states to restrict them not to move towards the US.³⁷ Chinese trade with the ASEAN states is expanding 20% annually since 2008, which was \$193 billion in 2008 while in the same year the US trade with ASEAN totalled \$181 billion. Despite tensions with neighbours, the basic objective of China is to build cordial economic relations with these states for total integration.³⁸

The Sino-Philippines standoff (2012) again augmented the Chinese sovereignty claim when the Philippines warships in an area of 125 miles from the Philippines mainland caught eight Chinese boats and found that one of them was carrying illegal corals and live sharks; these were blocked by the Chinese surveillance.³⁹ Diplomatic protest came forth in both the states; the Philippines sought to discuss the issue in a regional forum but China discouraged this effort as it favours the bilateral solution of the South China Sea. This entire situation gave the US room to manipulate things. The Philippines came closer to the US after this incident, and US-Philippines forces conducted military exercises near the reef bank. The United States is trying to strengthen the alliance and semi-permanent bases of the US are now flourished all through the littoral in Mindanao. The US has joint special force in the Philippines, operating bases in Jolo and Sulu where the US troops are deployed on rotational basis. The US presence in Mindanao is positioned strategically in the South west of the South China Sea. Along with military exercises, the US is building heavy

³⁶ Renato Cruz De Castro, "The US-Philippines Alliance: An Evolving Hedge Against an Emerging China Challenge," *Contemporary Southeast Asia*, 31:3, December 2009.

³⁷ Brendan Cooley, "A Sea Change or a Wave of Backlash? The South China Sea and Changing Power Dynamics in Southeast Asia," *Global Security Studies*, 3:4, Fall 2012.

³⁸ C. Fred Bergsten, Bates Gill, Nicolas R. Lardy and Derek Mitchell, *China: The Balance Sheet*, New York: Public Affairs, 2006.

³⁹ Carlyle A. Thayer, "The China-Philippines Face Off at Scarborough Shoal: Back to Square One?", 26 April 2012, available at <www.e-ir.info>.

infrastructure bases in the Philippines and developing a cooperative security location in the Philippines. These locations have the potential to accommodate the US deployment in the Asia Pacific.⁴⁰

Chinese 'Access Denial Strategy'

For the national security interest, China assumes that its goals and interest of security is achievable only by the mean of influence in the areas around its periphery. For this purpose China is using the "anti-Access" or "Area Denial" strategy by deploying its surveillance system around its coast.⁴¹ This geopolitical view of China that it needs strategic depth from its maritime borders to counter the US encirclement in the East Asia is influential on its policies. This is why China is strengthening its claim over the disputed islands of the South China Sea and has published another map with 10 dashed lines by the Sino map, which showed its adamant and strong claim over the Island of Taiwan and the western shore of the Philippines territory.⁴²

China has adopted a military modernizing strategy along with the operational doctrine. Chinese military strategy is directed towards the anti-access strategy through which China can deter the potential US threats to its security. China is facing threats from the Philippines' defence modernization, Indian presence and the US interest in the South East Asian region and its aircraft carriers in the area. This can only be dealt with Chinese grand strategy, which consists on the model of geostrategic control of the region by "Island Chain theory."⁴³ For this China tries to control the region by two chains; one from its coast runs between south Japan and Indo-China, while the other between eastern Indo-China and Japan. China has used military force twice; on Paracel Archipelago in 1974, when it seized the crescent group while second on the Spratly Islands in 1988 when it seized the Johnson Reef.⁴⁴ China was able to occupy the entire South China Sea and has created nine dashed line which shows its claim of sovereignty in the South China Sea. Chinese anti-access and access denial strategy are intended to restrict the US activities into its periphery, while its anti-ship ballistic missiles are capable to operate and target the entire South China Sea. Along with that China is trying to adopt a deterring

⁴⁰ Renato Cruz De Castro, "The US-Philippine Alliance: An Evolving Hedge Against an Emerging China Challenge," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, 31:3, December 2009.

⁴¹ Robert Potter, "Thinking Systematically about China: Anti-Access, Submarines and the Security Dilemma," March 3, 2013, available at <www.e-ir.info>.

⁴² See Mohan Malik, "Historical Fiction: China's South China Sea Claims," *World Affairs*, May/June 2013.

⁴³ Peter Kien-Hong Yu, "The Chinese (Broken) U-shaped Line in the South China Sea: Points, Lines, and Zones," *Contemporary Southeast Asia*, 25:3, 2003.

⁴⁴ Ibid.

strategy to restrict the US and modernize the Chinese navy, air and land forces with high technology and military equipment.⁴⁵

Future of South China Sea: Conflict Management or Conflict Escalation?

In these conflicting perceptions and strategies, the basic question arises whether the conflict over the South China Sea can be controlled or not? The first and foremost option is to resolve dispute through a bilateral or multilateral way and through conflict resolution mechanisms. But this option is not suitable for the Chinese and end objective. Chinese want to resolve the issue through customary international law as its claim is based on historic right. China submitted its 'Nine dashed line' claim to the United Nation in 2009. Moreover, the dispute resolution mechanism on regional forum like the ASEAN has also failed. China's claim of historical right is strong enough and it believes that territory of China can never be given back. The ASEAN summits and South China Sea Code of Conduct have also failed to bring a dispute resolution mechanism over the South China Sea, which has no enforcement mechanism.⁴⁶

Secondly, Chinese option of confrontation has two probabilities: confront directly with the United States or indirectly through conflict with smaller US allies like the Philippines or Vietnam. The Philippines has strong military ties with the US and China has to think that it is not competing with the Philippines but with the power of the United States. Through armed confrontation China has to lose its image of a pro-status quo power and challenge the US hegemony in the region. China can get physical presence over the claimed territories but this gain is ambiguous as the Spratly is away from the Chinese mainland, and also this is highly risky for the Chinese security.

Third and best choice with high benefit and low cost is using soft power and soft means to achieve the end objective. Although it will take time to achieve the desired objectives of territorial sovereignty, yet through economic interdependence China can overrule the influence of the US from the Pacific region. China cannot get the objective of physical presence but it can utilize maximum potential of the South China Sea. Countries in the dispute are competing over the fair distribution of resources and instead look for economic growth. Through confrontation and conflict, they have to increase their defence budgets as well. As defence spending of major states increase, the economic development will automatically decrease. It is in the best interest of the smaller states in the South China Sea that they make a choice, which did not hamper the interest of economic development and resource distribution of the South China Sea. Economic cooperation with major economies is the best option.

⁴⁵ Vaughn, "China-South East Asian Relations...".

⁴⁶ Castro, "The US-Philippines Alliance...".

States dependent on China for economic and military security will automatically damage the economy of the US. As the Chinese economy grows, the US economy and trade declines, which may result in the change of international system.

Implications of South China Sea Conflict

The future of US-China relations is dependent on the future of dispute over the South China Sea. Conflict management mechanism seems vague and may lead towards escalation. Implications of the dispute which seem eminent are:

- Using force by China will have devastating effects on the Sino-US relations. A major confrontation between the US and China will force Japan and other South East Asian States not to remain neutral. Direct confrontation will also demolish the US support for “One China policy”.
- Failure to respond to Chinese assertiveness will clearly question the US role in the Western Pacific region and its bilateral alliance system.
- The US involvement in the conflict will lead the two states, China and the United State at worse end because the cooperation under suspicion will end directly and a clear rivalry in the shape of a new Cold War would emerge.
- Chinese claims over the Island will result in a war between the two major rivals and competitors, China and the United State. This will endanger the entire international system as Chinese are inflexible when it comes to their territory.
- Chinese limitation of the boundary line through the U-shaped line clearly indicates the Chinese ambitions of the territorial expansion. Through this expansion China can block the trade of the United State. Occupation of Spratly and Paracel will give China a leverage to limit its territorial sea boundary, 12 nautical miles from the U-shape line, which showed the South China Sea as the Sea of China, over which China has full control and China can restrict foreign powers to move into its territory.
- If China succeeds to influence the smaller claimant over the dispute then the international system will move from unipolarity towards bipolarity where China will be another power in the international system.
- At the regional level, China will become the only regional power and will overrule the hegemonic position of the United State.

Conclusion

The South China Sea has become a hotspot in the 21st century and a clear indicator of power politics in the international system. It is worth noting assumption that the state who dominates the South China Sea will influence the world. The conflict escalation over South China Sea will challenge the hegemonic global power, the USA, whose interest is to rule the world. China's major objective is to extend its territory as indicated in its claim over Taiwan and Tibet. Its territorial claim in the South East Asia is extended beyond the island of Taiwan to the South China Sea and the East China Sea. China has passed a territorial water law claiming control on the Spratly Island and Paracel Island. Under the law, China can restrict the navigation of other states for aggressive purposes. China and the ASEAN members are committed to resolve the issue through political means. However, the South China Sea is still the disputed and dangerous area.

It is in China's best interest not to confront the US militarily in the South China Sea dispute, as it would have high cost with low benefits. China has the same position which America had in the 19th and 20th centuries in the Caribbean. As the Spanish-American war in 1898 signifies the starting point of American dominance in the western hemisphere when the United States dug the Panama Canal. In the same manner, China has the desire to secure energy supplies coming from the Middle East and the Indian Ocean and ensure naval dominance in the region. After the US acquired a dominant position in the Caribbean which became an edge to its dominance in the west, in the same manner the South China Sea will become the edge to Chinese dominance in Asia and will challenge the US hegemony. This could result in another cold war but would transform the international system from unipolarity towards bipolarity/multipolarity, where the US would have competing rivals like China. As epitomised by Joseph Nye, the international system must be viewed by both eyes, through a realist lens, which predicts war in the phase of transition, and a liberalist lens, which predict cooperation as a best strategy to deal with the transitional phase of international system.

