

**CHANGING POWER DYNAMICS IN SOUTH CHINA SEA: GROWING POWER OF
CHINA, US CONCERNS AND IMPLICATIONS FOR THE REGION**

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Reg. No. 68-PHDPSIR/FSS/F011



Thesis for the Award of the Degree of Doctor of Philosophy in Politics and

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Department of Politics & International Relations

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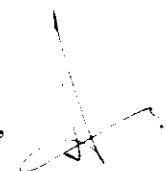
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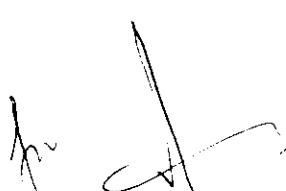
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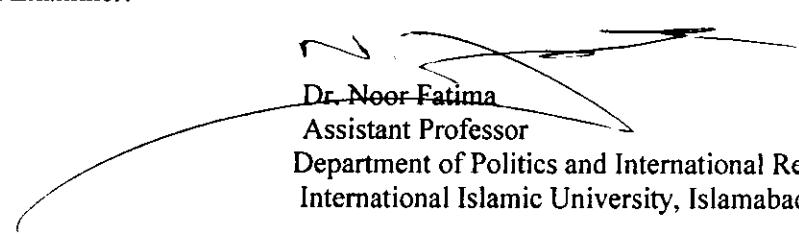
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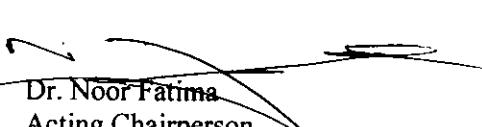


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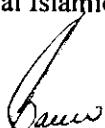


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ABSTRACT

Tremendous economic growth along with integration into the global economy, elimination of poverty at domestic level with emergence of growing middle class has led China to be one of the powerful states within stock exchanges of the world in just three decades. It has given the China enough confidence to make bold decisions, policies and developments at home and abroad. China has not only participated into already existing global institutions rather has set new economic regimes like Asian Infrastructure Investment Bank (AIIB), Belt & Road Initiative (BRI) and many more for growth and development. China's mounting drive for developments through mega projects in and abroad, desire for energy and dire need for resources has enabled it for confident claims within the South China Sea. Although since last few decades China was claiming for sovereignty on the larger part of the Sea however the recent developments on South China Sea in form of creation of artificial islands, construction of air bases, and installation of military equipment are quite notable and have been taken as China's shift from soft power to hard power at the expense of South East Asian states which are sharing the Sea with China. The South China Sea is surrounding by the South East Asian nations and China, extremely significant for its geostrategic status being the second busiest maritime trade route after the English Channel. Almost 60 percent of energy resources of Japan and Taiwan are supplied through the South China Sea. It is considered the only and shortest navigational route between Indian and Pacific Oceans. Besides being the busiest Sea Lane of Communications, it is highly rich in deposits of energy resources which include oil, gas and hydrocarbons. In this regard, various studies, surveys and analysis have been made to make an exact estimate of energy reserves. According to these estimates around 11 to 125 billion barrels of oil and from 190 to 500 trillion

cubic natural gas deposits in addition with hydrocarbon reserves are expected to be found within the South China Sea. The noteworthy features have given it the status of a life for the surrounding states. So the surrounding states have started not only to make the strong claims rather to solidify their claims on the adjacent parts of the Sea. China is one of the main claimants which claimed the largest portion of the Sea in form of 'nine dash line' stretching from its province Hainan to hundred miles ahead towards East and South as its integral parts. While Philippine and Vietnam are two most fundamental states as both are engaged in skirmishes with China over fishing, drilling and naval exercises for claiming Islands. Various geostrategic theories have been applied to analyze the China's journey from soft power to hard power under the umbrella of Mahan's Sea power. Theoretical framework applied on the study has proposed the significant rise of China at land and sea simultaneously however with visible peaceful actions nevertheless with invisible intentions in future. Ongoing territorial conflict amongst six countries and the resulting tensions are creating troubles for the regional peace and making the regional and global powers concerned. Besides being making the region vulnerable, it is generating various trends within ASEAN region like military modernization, strategic agreements, arm procurement, regional engagements and reengagements. The United States being the fundamental strategic partner of the ASEAN is more concerned, it has responded earlier in form of 'Pivot to Asia' and then has announced a 'free and open Indo Pacific strategy'. The ongoing situation in South China Sea has also attracted the US to engage and reengage with the regional powers for more economic deals, arm procurement deals, military alliances in order to provide a role of balancer within region. The role has also been taken as the US commitment that it has not exhausted after a decade war with multiple domestic issues with a potential to divert its attention from Asia. The study has been conducted through the qualitative research methods by utilizing

ideas, concepts, and facts along with ongoing developments across the globe in order to deal with the issue. It is a sure contribution in existing body of knowledge with the use of theoretical framework, various concepts and the terms used.

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ABBREVIATIONS AND ACRONYMS

3 P's	Rules' Politics, Petroleum, and Protein
AA/AD	Anti-Access/Area Denial
ACTFA	ASEAN-China Free Trade Agreement
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
ASB	Air-Sea Battle
ASEAN	Association of South East Asian Nations
BRI	Belt One Road Initiative
C4I	Command, Control, Communications, Computers & Intelligence
CIAR	Chinese Intelligence Assessment Report
CLCS	Commission on the Limits of the Continental Shelf
CMC	Central Military Council
CPC	Communist Party of China
CPEC	China-Pakistan Economic Corridor

DOD	Department of Defense
EAS	East Asia Summit
EBRD	European Bank for Reconstruction and Development
EEZ	Exclusive Economic Zone
EIA	Energy Information Administration
EU	European Union
FDI	Foreign Direct Investment
FIC	First Island Chain
FTAs	Free Trade Agreements
FTAs	Free Trade Agreements
G20	Group of Twenty (Leading Economies)
GAC	General Administration of Customs
GDP	Gross Domestic Production
GWh	Gigawatt hours
IADB	Inter-American Development Bank
ICJ	The International Court of Justice
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund

ITC	International Trade Centre
JCPOA	Joint Comprehensive Plan of Action
KIG	Kalayaan Island Group
MOOTW	Military Operation Other Than a War
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NDL	Nine Dash Line
NDRC	National Development and Reform Commission
NM	Nautical Mile
OCO	Offensive Cyber Operations
PCA	Permanent Court of Arbitration
PLA	People Liberation Army
PLAAF	Peoples Liberation Air Force (PLAAF)
PLAN	Peoples Liberation Navy
PPP	Purchasing Power Parity
RAA	Royal Australian Air Force
ROC	Republic of China, Taiwan,
SCS	South China Sea

SLOCs	Sea Lines of Communication
TOP	Treaty of Paris' in December 1898
TPP	Trans Pacific Partnership
TVEs	Township and Village Enterprises
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
US	United States
WRMA	World Revolution in Military Affairs

GLOSSARY

A Free and Open Indo-Pacific	Trump Strategy for Asia
Cochin-china	The region of Southern Vietnam
Hedging	A risk management strategy
Hoang Sa	The Golden Sand (Paracels)
Maritime	Sea Faring
Nansha	The Spratly Islands
Nine Dash	A line demarcation line used initially by the China
Pivot to Asia	Obama's Strategy for Asia
Possesio Longi Temporis	Sovereignty over a territory on long occupation
Terra Nullius	No Man's Land
The Kalayaan Island Group	Municipality in Province of Palawan, Philippines
The Scarborough	An area of conflict in the South China Sea
Truong Sa	The Great Long Sand (Spratly)
U-shape	A demarcation line used by China

INTRODUCTION

Throughout the history, the sea areas around China have been as crucial as the mainland area, for commercial as well as social interactions. In this regard, the South China Sea has always remained a significant maritime route of interaction and interlink with South Asia, South East Asia and South West. Currently, however, it is sprouting in China's foreign policy as a 'core interest', 'an area of a national interest' and as a 'historical part of China'. With vivid gages of power, China is certainly witnessed to be taking the lead in all disciplines of national and international growth. Regarding the South China Sea subject matter, a large portion of the Sea divided in the form of two island chains namely Spratly and Paracels have been declared as the 'core national interest' by China - a claim which has been strengthened by constructing artificial islands and making other strategic developments on those islands. A critical value which is attached to these islands is that the islands belongs not only to China, rather are claimed by various other South East Asian states like Philippine, Vietnam etc. Claims made on vast portion of Sea, establishment of artificial islands, and mainly other developments for installations of military equipment are crucial matters for the arising conflicting situation within the region making the regional and global powers more concerned.

Being a geostrategic significant area, South China Sea is crucial to many regional as well as global states. It is one of the vital maritime trade routes which 'allows to pass more than one quarter of world trade every year' (Barden, 2013). Maritime routes and the Sea Lanes of Communications (SLOCs) running through the area are significant for transportations of the resources, goods and people for the coastal as well as non-coastal states of the region. It is considered as one of the busiest routes used for transportation of raw energy resources including

iron, coal, liquefied, crude oil, and other natural resources that travel from the Middle East to Asia Pacific and so on.

The South China Sea Lanes of Communications (SLOC) are noteworthy for their maximum intervene in the maritime traffic between Asia pacific mainly the East Asia, South Asia, Middle East and Europe (Storey, Conflict in the South China Sea: China's Relations with Vietnam and the Philippines, 2008). The navigational implications of the South China Sea cannot be denied, it works as a junction point for the Pacific Ocean and the Indian Ocean. Hence, being a main source of connection between Indian and Pacific Oceans, South China Sea is vibrant for the countries that urge to enhance their influence, consequently developing the military capabilities (Schofield, 2011).

The presence of energy deposits including oil and gas reserves under the Sea is also one of the substantial features of attraction besides the geostrategic significance. It is very difficult to make an exact assessment about the bulk of natural gas and oil deposits, nevertheless, few assessments have been carried out to gather massive resources of lubricant, hydrocarbon along with natural gas in interior shelves around the Sea (Barden, 2013).

On the basis of the above mentioned features, coastal states of the region have established their own claims for the Sea. Being the costal state, China has also made several claims on the major portion of the Sea as its integral part, stretching from the Hainan province to hundred miles ahead towards the South and East in the form of 'nine dash line'. Other claimants are Vietnam, Philippine, Indonesia, Brunei, Malaysia, Brunei and Singapore. Vietnam and Philippine are most vibrant for their claims on two island chains which fall in the area that is

already claimed by China in a ‘U-shaped’ ‘Nine dash line’. Both states are engaged into a territorial conflict over fishing, oil drilling, naval drilling as well as coastal exercises with China. Regarding Chinese claims on Eastern parts of South China Sea, Scarborough Shoal is highly crucial, it is 500 miles away from China and 100 miles away from Philippine and thus resulted in giving rise to major conflicts with Philippine (Maresca, 2013). While the conflict with Vietnam is Southward on Paracels Islands which are mentioned in their white papers and other documented records as the part of Vietnam since the ancient time. According to Vietnam and Philippine, they both have had their candid claims for centuries.

According to the Vietnamese, Chinese claims are newer as Beijing has been witnessed to take position over those islands since 1940s as an integral part, and for the clarity of claims it initially issued an ‘eleven dash line’ map which was later reduced to ‘nine dash line’. Further, in order to solidify the claims, China began to take control of islands from Vietnam and held the Paracels islands in 1974, resultantly leading to the deaths of more than 70 sailors in similar encounter that happened twice in 1988 that led to the increasing killing of more than 60 Vietnamese sailors. During 2000, conflicting situation remained active over the disputed islands amongst the claimant countries. During the same period, Chinese forces clashed with Philippine over the Scarborough Shoal, and created an administrative body named the ‘Shansa City’ in Paracels with its headquarters (Pham, 2011). Over the past four decades, the gradual development of dispute as well as China’s efforts to seek more control have led to the shaping of conflict in the current scenario.

China has faced a series of protests from Vietnam in late 2012 on the interruptions of exploration operations, while on the other hand, during 2013, Philippine took the case to the

International Court of Arbitration (ICA) under the provisions of UNCLOS (United Nations Conventions on Law of Sea) to challenge China's claims. During 2014, various drilling activities by both parties, particularly by China again led to a collision with Vietnam consequently generating regional and global reactions against China. During 2015, few images were issued by the satellites to demonstrate how China has been developing artificial islands, mainly the airstrips to congeal its assertions over the Spratly islands (Page, 2015).

The satellite images gathered attention from concerned parties as well as by the global powers and resulted into a series of protests by Vietnam and Philippine along with the other regional players like Japan, India and the US (United States of America) which concluded that the maritime issues existed in ASEAN. It is assumed that Chinese maritime policies in neighboring Seas are generating predicaments not only for the regional but for the global peace alike. In response to the Chinese policies, a strong reaction came from the ASEAN countries and the US upon Chinese activities over the islands. Generally, South East Asian states which are known for their peaceful 'ASEAN Way' strategy emphasized on peaceful resolution of the subject. In this regard, ASEAN leaders raised their voices at various platforms for the nonviolent resolution of the maritime disputes. The Le Luong Minh, the secretary general of ASEAN has shown his concern and desire for peace within the region as stated: "The South China Sea issue is not just about competing claims; it's about peace and stability in the region" (Rustandi, 2016, p. 1).

The global concerns led towards formation of 'Pivot to Asia', 'Pivot to Asia Pacific' strategy or 'the rebalancing', 'reengagement' by the former president Obama. During the 'Pivot

to Asia', Mr. Obama had shown his concerns over the situation by saying "this is the future we seek in the Asia-Pacific—security, prosperity and dignity for all ... let there be no doubt: In the Asia-Pacific in the twenty-first century, the United States of America is all in" (Mehta, US in Asia Pacific Rebalancing: Part of its Grand Strategy?, 2014, p. para 9) (CFR, 2017). The statement of Obama was taken as a reassurance for the US regional partners and allies in the wake of China's maritime activities as well as growing advancements in the region. In this regard, the US defense treaties with Philippines, Malaysia, South Korea and Japan have been critical in playing the role of a balancer by either of the two sides. During Trump's administration, strategies have been in similar direction despite the multiple fluctuations and divergences in interests, policies and priorities. Currently, it has been announced as 'Indo-Pacific' with the inclusion of other major players such as India. Reengagement of the US in the 'Asia Pacific' matters can also be taken as a pledge to its allies in Asia Pacific that the US has not shattered, even after a decade of war with Afghanistan and Iraq along with the other domestic issues at home. 'Pivot to Asia Pacific' or the reengagement can also be taken a shift of theatre from Middle East to Asia Pacific along with many other implications (Mehta, 2014).

1. 1 Rationale of the Study

South China Sea is crucial, as 'an integral part' in China's domestic as well as foreign policies. A close investigation of the regional and global significance of the Sea subject matter is highly crucial. It has also been claimed by the various scholars including the Kaplan that this region and particularly the South China Sea is going to be a future battleground. Hence, this research has particularly attempted to fill the gap between the link of theory and practice in relation to the ongoing conflict between the US concerns and the Chinese, and vice versa.

Observers with various backgrounds have always tried to pay singular attention either to make China as a future real hegemony or only an economic power. On the other hand, others have also tried to prove the significance of the US as the only hegemonic power that could unquestionably go unchallenged. This study is highly crucial as it aims not to demonstrate any partial representation and rather focuses on providing a balanced depiction of both China and US matters.

Moreover, this study particularly draws on a uniquely designed theoretical and conceptual framework based on the geostrategic theories, particularly, The Sea Power Theory so as to understand the ongoing mega economic initiatives and the activities continued in South China Sea. The Sea Power Theory has its own significance to be used in the context of South China Sea for it was the same theory that acted as a backbone for the US to be a maritime power, naval power and finally the supreme power in all terms. Further, in order to deal with this phenomenon in a global context, various arguments have been raised on the patterns of the rise and fall of the great powers.

1. 2 Statement of the Problem

Over the past four decades, China's immense economic development has listed the country in one of the great powers of the world. Not only China has assured its participation in the existing global institutions, but has also set up new economic regimes and initiatives such as 'the Asian Infrastructure Investment Bank (AIIB)', 'Belt and Road Initiative' B&RI and many others along with other viable initiatives, which aim to set standard rules for other lands. China's drive for more development, resources, energy and trade has empowered it to make stronger territorial claims in South China Sea. Its recent developments of creating artificial islands and

future air bases on them along with other activities are quite notable and have been perceived as China's shift from a soft to hard power. There are strong distresses that China is striving for hard power upon achieving the target of economic growth. Besides that, there are apprehensions that China has hegemonic designs if not global then at least at regional level. Consequently, China's future economic, regional and global aspirations are perceived as a threat to the peace of the region and to the US hegemony or at least against the US interests. In order to tackle the threat the US has adopted various policies. Earlier in Obama's time period, the US has adopted the policy of 'rebalancing' or the 'reengagement' within Asia Pacific, while currently is working with 'Free and Open Indo Pacific Policy'. The interest of the global powers within ASEAN Region, Rise of China and its implications for the Region are the vital concerns to be understood and dealt.

1. 3 Objectives of the Study

Followings are the objectives of the study

1. To investigate the geostrategic and political significance of South China Sea as an 'Integral part' of China.
2. To probe into the details of developments made by China in general and with special reference to South China Sea, attracting other powers to delve in the matter.
3. To analyze the US drive from Middle East to Asia Pacific exclusively in East Asia, its strategies and engagements with the neighboring countries of China.
4. To find out the opportunities and pitfalls for the region particularly for Vietnam and Philippine.

1. 4 Research Questions

Following are the research questions:

1. Why South China Sea is significant and how is China growing its influence in the South China Sea?
2. Why is the South China Sea relevant for China as a growing power?
3. Why and how Beijing is growing influence in South China Sea and becoming a challenge for the US?
4. Why the US is so fretful on rise of China and how is responding towards China's rise and policies within the region?
5. How economic growth is leading China towards the military modernization and how its repercussions are shaping the ASEAN policies for the regional as well as global peace?

1. 5 Significance of the Study

The prime aim of the research is to witness the extent to which China would take its rise to exert its power as influence. Thus, a balanced world view has been adopted to conduct the research while keeping sideways the regional and global factors. It can be taken as a pioneer contribution making critical analysis of policies and developments under The Sea Power Theory along with other geopolitical theories which seek the utilization of geography and particularly the

sea to seek the world dominance. These theories are particularly recycled in the context of South China Sea. Upon addressing the nature of changing dynamics, implications for the ASEAN region have been anticipated to make an original contribution and to provide the work as the policy guidelines for the ASEAN states.

1. 6 Delimitation

This study covers the situation, concern and other relevant matters from 2009 to 2017 while at the same time historical background along with futuristic aspects have also been given emphasis to encamp the reality of the current subject. The reason to delimit the study to a specific concern, is the bold foreign diplomacy and other steps taken by China to strengthen its control. The focus of the study is therefore made on three partners by creating a triangle with South China Sea at the top while the US and China in the adjacent corners. Whereas, in the context of neighboring states, emphasis has been made on Philippine and Vietnam, due to their direct engagements in conflict over islands. In case of Islands, Paracels and Spratly have been studied with their location, significance and competing claims.

1. 7 Operational Definitions

Sea Power: According to Britannica Encyclopedia, 'Sea Power' is a mean by which a nation extends its military power onto the Seas (Britannica, 2014). However, in this context, the Sea Power is taken with a strong emphasis on Sea lanes, Sea communications for economic gains which would pave a ground ultimately for the naval supremacy and military strength.

Hegemony: Macmillan Dictionary defines hegemony as a political control or influence, especially by one country over other countries while according to Gramsci, hegemony is taken as

a power of ideas which is influential for other societies, to be a hegemonic is a gradual destination followed by many stages. In ongoing research, the initial stage of hegemony, which is the production stage, is taken to describe the ongoing situations (Rundell, 2014).

Rebalancing: Cambridge University defines 'rebalancing' as 'to change the amount or level of one or more things in order to improve a particular situation' (Cambridge, 2017). However rebalancing in this research is mainly discussed as a set of activities taken by the US with different ASEAN countries in response to different economic and military activities of China with its neighboring states, particularly in the wake of South China Sea.

Pivot to Asia: According to Brookings Institutions, it is a policy given by the US president towards Asia with reference of all Asian regions like Middle East, South Asia, West Asia, however, in this context 'Pivot to' policy is mainly the Asia-Pacific region (Lieberthal, 2011).

Developments in South China Sea: According to Cambridge University, development means the process in which someone or something grows or changes and becomes more advanced. (Cambridge, 2017) In this research, development are the different activities developed by China like build up of artificial islands, preparation to build military base, build up of a municipal city and other infrastructural activities.

1. 8 Research Design

The ongoing study is qualitative in nature. It is descriptive as well as analytical, initially it gives a descriptive analysis of introduction and historical background of South China Sea. Later,

it concentrates on China's economic, military development and foreign diplomacy in the context to South China Sea. The study has also analyzed responses of China's neighboring states and the US policies over the ongoing developments to figure out the future implications for the region. In this research, Chinese activities are independent variables while the US and ASEAN's response have worked as a dependent variable to find the real causal relation existed among them.

The study is based on primary and secondary data taken from various sources using internet, and libraries. In case of the US, primary data is based on state documents, official statements, proceedings of the Congress, Senate and House of Representatives along with congressional reports. While in case of China, data is based on The Communist Party of China (CPC) congress proceedings, official statements, white papers, local English newspapers and policy statements by Chinese officials have been analyzed to get the formal as well informal stance over the dispute. Since it is a case study, analysis has also been made by monitoring daily local and regional newspapers, weekly magazines, social opinions and other digital and non-digital sources to analyze the day-to-day developments, ongoing situation, with difference of opinions, hence, endeavored to get an unbiased study. Secondary sources like report analysis, journal articles and most importantly books have been a significant source for this research. The existing research certainly believes in the availability of reports issued by different regional and global geostrategic, economic and political institutions and think tank institutes, with the discussion on China's geostrategic interests, economic development with futurist designs. Reports by different geopolitical centres, local and foreign are immensely important in highlighting the various dimensions of South China Sea which have enormously helped in understanding the rise of China, response of regional players and global players.

The pertinence of the journals and other scholarly articles in exploring the trend of power dynamics in the region cannot be ignored, as most of the discourse is based on the current developments made by China and the US response in the South China Sea matter. A variety of books on China, its economic growth, military growth, developments within the Sea, and territorial claims by different countries along with the US policies towards the issue as illustrated by different authors with various backgrounds have been consulted.

1.10 Data Analysis

The data collected from the above mentioned sources has been gathered, reviewed, and then comprehensively analyzed. An effort has been made to have a comprehensive content analysis of the themes and words of the gathered data, to find out and analyzed the missing links and the real cause of the territorial dispute along with the relevant actors under the Alfred Mahan's Sea Power Theory. On the basis of the collected facts and figures, analytical observations have been made accompanied by implications for the region.

1.11 Literature Review

Although the dispute of South China Sea is not an old phenomenon, however, a good amount of literature is available on the subject. The presence of extensive literature on the different dimensions of the subject has enabled the researcher to divide it into various categories to have a comprehensive analysis of the topic. It is divided into three broad categories to deal with it systematically: Security literature, Economic literature and Sea and Law of the Sea literature.

1. 11.1 Security Literature

Much work has been done in the context of China's recent strategies and ample predictions have been made upon those strategies. Jeffery gives a theoretical description of indicators of power like military build-up and capabilities, the way states are able to achieve power and exercise it through different dimensions along with description of states intentions represented in their policies towards international order. He focuses on China as rising power and gives two arguments about its rise. One is about its revisionist view as a rising power whereas the other is based on the growing interdependence related to it. So it is important to deal with the purpose of rising power along with an accurate estimate of power. He focuses on the Chinese intentions which are taken as 'Cauldron of anxiety'. Further general military build-up and anti-satellite test cannot be taken as Chinese proclaim of consistent peaceful rise (Legro, 2007). However, the writer does not identify the further economic dimensions of China which are emphasized as a peaceful rise. Thus, intentions in the case of being military power as well as the rowing economic aspect have been ignored.

According to Hayton, China's growing power has put the world in a turbulent state. For many decades, this region was smooth and making adjustments with their domestic as well as other bilateral issues. However, currently, the rise of China especially its policies towards South China Sea are making its neighbours worrisome. Hayton makes more focus on its historical claims and recent significance of South China Sea that the one that control this Sea controls the access between Europe, the Middle East, South Asia, and the Pacific (Hayton, 2014). As a journalist of BBC, despite his ample analysis, there still exists a lack of neutrality in making

assumptions about the other aspects of the Sea besides its significance from the security point of view.

Kaplan, a strategist, explains the dynamics of global power change which is taking its shift from Europe to Asia. South China Sea is also emerging as a focal point with several billion barrels, an estimated nine hundred trillion cubic feet of natural gas. Kaplan interprets America's interests in Asia in the context of an increasingly assertive China. He explains how the region's unique geography fosters the growth of navies but also hinders aggression. He draws a striking parallel between China's quest for hegemony in the South China Sea and the United States' imperial adventure in the Caribbean more than a century ago (Kaplan, 2014). Despite being a good thesis, there is a need to look into other aspects like economy and other geographic factors of the region for possessing the Sea and to control the Sea are not the sole indicator of power.

On the other hand, Mark J. Valencia investigates the subject in a realistic way and provides the most informed analysis of the political context for South China Sea issues. He has done a lot of work on South China Sea and on its different dimensions. According to him, most of the security concerns against China's huge claims in the Sea are taking their shapes in the form of different vulnerabilities to neighbouring ASEAN states in terms of their growing urge to make defence agreements with other major powers. According to him, these territorial disputes, competing maritime claims, rising military spending are leading towards a new debate of transition of global power. The US is entering into the region by its engagements with different countries. His analysis of ASEAN's political and other conditions is excellent that how these countries are politically weak to resolve the issue. However, he ignores the level of the US reengagement with sound grounds, besides this, he does not mention how China is deeply

economically engaged with these countries and what will be the future repercussions for these states in case of rising tough stands against China (Valencia, 2011).

Shee Poon Kim makes an excellent description of China's stance towards the growing global concerns and fully justifies the territorial rights of China over South China Sea as part of natural sovereignty as maritime power. She claims that the urge for recent position on South China Sea has been taken as a safe side due to certain domestic reasons. According to her, under the hegemonic designs, China's recent policy has different meaning (Shee Poon, 1998) so there is a need to analyse the intentions working under the present foreign policy and its different role taken place within region and outside. Garver provides an excellent account on the historical data produced in 1970s and 1980s regarding the interaction between the bureaucratic interests of the People's Liberation Army Navy PLA-N and China's national interests. According to him, the rationale for the expansion of China in the South China Sea during the 1980s is shifted from geostrategic to economic reason. The operations in 1970s and 1980s in South China Sea were intimately related to PLA-N's efforts to modernize it as well as finance the domestic fights over the budget. While the bureaucratic interests remained fairly constant, however, the authoritatively defined national interests for which PLA-N argued its position changed from anti-hegemony to economic modernization (John, 1992). Nevertheless, it is not a simple matter of only Navy modernization, rather there is a dire need to understand other phenomena and agendas working beneath the foreign policy along with the other intentions to find out the real picture.

Significant work over the US response has been produced, its concerns over South China Sea and China's recent developments. William views the US recent initiatives in South China Sea as part of the US pragmatic policies in the region, especially its 10 years pact with Philippine

and 25 year's defence pact with Australia is the need of time. In addition, it is also part of the US grand strategy to safeguard the rights of the smaller states. According to him, Trans Pacific Partnership (TPP) is also an economic initiative taken by the US and its partners to meet future energy needs. The China- led Asian Infrastructure Investment Bank has been viewed by some of the American key regional allies as a competitor to both the World Bank and the Asian Development Bank. So the role of China, its growing power, domestic as well as regional circumstances are also taken as a challenge in the recent and future advancements of the US (T. Tow, 2015).

Paul O'Shea investigates many claims made by both sides of China and Japan as mentioned in 'The Economist' that the two states are sliding towards war, while Chinese English-language 'Daily Global Times' warns that China 'needs to prepare for the worst' since a military clash is more likely to happen. According to Paul, under economic and strategic factors, it can be suggested that Japan and China would not go for a war despite of being involved in the territorial conflicts, if yes, then at least not for a time period (O'Shea, 2015). Besides this, there are strong chances that global powers like the US will not allow them to enter into the war. Additionally, maritime disputes have much potential for cooperation due to the involvement of many economic and other strategic factors.

The US policy towards Asia Pacific region is analyzed exclusively in Clinton, Bush and Obama era - the motives behind this shift. A simple observation of this policy is to contain China. However in reality, this policy has much to present in a broader context with a set of economic, strategic, and political interests. Further, a show of strength is demonstrated in the capabilities of the US which after a decade of war still has the potential to continue its

engagements with its partners. It is an intensified level of diplomatic engagements in the region which is responded by Chinese official and non-officials differently. Furthermore, any overt conflict between the US and China can bring destruction to Chinese economy being the largest exporter to the US. It is an excellent account on the 'Pivot to Asia' during Obama's time period (G. Sutter Robert, August 2013) however, many crucial aspects such as the US policy for future, level of cooperation with allies have not been touched.

Ho Chung investigates the response and the complex pattern existing among the East Asian states at state level. There are different arguments about China's rise, intentions, and capabilities. However the arguments are, China is growing and certainly taking its rise. The responses from East Asian states are categorized at two levels: general response, and variations of inter-state response towards China and security implications for East Asian states. Further he identifies different trends in the region against the rise of China which are band wagoning, hesitant hedging, active hedging and balancing (Chung, 2009/2010). Although the writer has justified the subject in terms of security, however, South China Sea is not a simple matter of conflict, rather, involves a huge part of China's soft power which is needed to define and the level of the response of the countries within the region.

Yang elaborates different theories like the power transition theory, power balance theory and assumptions related to these theories. It is assumed that China is challenging the existing hegemony which would unquestionably lead to violence or counter balancing. He insists to revise the theories to get a better judgment of capabilities and material variables. According to him, China may be an edition to great powers but in different material context (Yang, Fall 2013). Yang has an excellent approach in dealing with China within the theoretical context of

power and balance power. However, there are many aspects which still are needed to explain like in case the rise is peaceful, then what would be the reason of aggressive efforts in the case of South China Sea.

William A. Callahan thoroughly investigates the significant indicators of Chinese power like security strategy, economic development and political culture. He tries to address the rise of China in a more realist manner that whether it is threat or opportunity from Euro-Americans point of view along with China's view of peaceful rise. According to him the emergence of China is not simply an issue of international diplomacy and national security. It has important concerns for other discourses as well which frame questions like China and the world, the dynamics between domestic and international politics, economics and politics, dangers and opportunities ,Western and Chinese identity. Further 'China a threat' theory has been fully examined with a conclusion that China is not a threat to the world (Callahan, 2005). However, there still are many other concerns such as the economic growth and military build-up which are very much important for a rising power that may be a threat.

The South China Sea has always remained critical in the development of Sino-Philippine relation. According to Hong Zhao, China has its territorial claims over South China Sea based on historical surveying expeditions, fishing activities and naval patrols as far back as the 15th century. While Philippine had started its claims over Spratly islands since 1940s, it became flashpoint in 1970s when it was claimed that the Sea contained vast deposits of oil and gas (Zhao, 2012). Claims of entering in an era of greater assertiveness are genuine especially in the maritime domain but the expansion of economic ties and the growth of common interests have laid the foundation for partial settlement or management of the territorial disputes.

Kuik Cheng-Chwee uses different terminologies ‘Balancing’, ‘Bandwagoning’ and ‘Hedging’ to designate the response of South East Asian states with special focus on Singapore and Malaysia against the rise of China in Post-Cold War era. None of the ASEAN states have chosen to include China in phases known as pure ‘Balancing’ and pure ‘Bandwagoning’. Rather, it has adopted a strategy known as ‘Hedging’ by offsetting the risks and adopting multiple policy actions. For Malaysia, the notion of ‘China threat’ is nothing more than a self-fulfilling prophecy. Similar is the case with Singapore with multiple strategic concerns (Cheng-Chwee, 2008). Although all countries of the region have adopted some strategy to deal with the rise of China, however, there is a need to understand the real reasons behind cooperation and opposition of China’s growing power. Malaysia and Singapore are the countries with majority of Chinese origin population so both have different attitudes towards the rise of China which is crucial to understand both as a particular case and as a whole.

Howard J. Dooley makes a powerful analysis of China’s naval strategy. According to him, Chinese ambition to be the maritime power is not a new agenda; rather, it goes back to the time of Zheng He. Later, the Ming Dynasty withdrew from the Sea and China made its focus on ‘Continental’ interests. In the present time, China’s strive for maritime power can be understood by its growing merchant marine, rise in shipbuilding market, and efforts to equip the land with great naval capabilities. In this context, the analyst raises many questions regarding the grand strategy of being maritime power and tries to answer those questions with a conclusion that China has to go a long way to be a great maritime power but before becoming so, it has to prove its soft power as well. However, the way China is showing its devotion, determination and sound approach, it would not be a long journey. Different theories can be put to test China’s capabilities and intentions (Dooley, 2012). Within the context of peaceful rise, this is an excellent analysis of

naval modernization to meet the new needs of the time. However some aggressive naval steps particularly in South China Sea cannot be taken as part of peaceful rise.

Renato Cruz De Castro explains the trends which have transformed the nature of relation between Philippine and the US. Renato clearly mentions that the emerging China is not an immediate threat for the US, but has potential to be a challenge for the US in future. He makes a focus on the US-Philippine alliance which is taking a shape of a hedge strategy against emerging China. This strategy is resulting from the mutual interests of both countries, Philippine's inability to coup up with the external threats and chronic territorial disputes with China, while China's military modernization and access to modern technology of weapons has made the US more concerned with this idea. In the light of the emerging threat, the US has decided not to directly provoke Beijing rather to adopt a proactive hedging strategy to manage its capabilities and behavior. To achieve this goal, the US must adopt a policy to counter China's spreading influence from the neighboring countries of South East Asia. The relations got strengthened under different agreements between Manila and Washington, however, the 9/11 scenario documented a new history of relations between both of these countries which paved a path towards the hedge strategy (Castro, 2009). Although Renato gives an excellent of account of growing relations between Washington and Manila in the face of Chinese recent developments in South China Sea, but he has ignored many other facts such as the impact of defence treaties on the neighbouring countries of China. Since the South China Sea is a territorial dispute among six countries and the US's relation with any one of these countries can lead to a very complex situation within the region.

In another article, Andrew Taffer uses Fravel's framework (Taylor, 2011) on territorial dispute to demonstrate how a state can adopt different strategies of cooperation, escalation and delaying for the sole purpose of strengthening its claims. According to the author, Fravel recommends the use of those strategies one at a time, but in fact, China has used a combination of those strategies throughout the time regarding the dispute of South China Sea (Taffer, 2015). He suggests that state strategy cannot be understood in a general way, rather has to be understood from multidimensional perspectives. Further, Taffer also ignores the role and nature of conflicts as well. Conflicts are dynamic and multifaceted so they need to be handled carefully keeping many regional and global factors into mind (Taffer, 2015).

Carlyle A. Thayer uses Womack's theory (Womack, 2004) to provide a theoretical framework to determine the relations of China and Vietnam. Womack's 'theory of asymmetry' provides a useful framework for analyzing the relation between small and large states. Womack investigates 'disparities in capacities create systemic differences in interests and perspectives between stronger and weaker sides' and 'the large power always materializes more importantly to the weaker than the weaker'. The structural aspect is very significant in the determination of the relationship between both of the large and weak states. He concludes that weaker states are more 'prone to paranoia' and conversely, 'the stronger power is less attentive to the details of the bilateral relationship with a weaker state' (Carlyle, 2010). Indeed, an important argument is required to be answered about the concerns of global powers, those that are the so-called guardians of the smaller states especially in this case where China has been perceived as a threat. Further, regarding South China Sea, there is a need for a more focused perspective to maintain a mature asymmetry of relation. At all other fronts like political, economic and military levels,

both countries have a mature asymmetry. Yet, despite China's all verbal commitments for the South China Sea peaceful settlement, its assertiveness is more vivid (Thayer, 2010).

Different analysts have dealt with China's policies differently especially in the context of the US response. Kurlantzick in his work illustrates the levels and measurements of China's soft power and how it has been used as a policy tool in developing the world by delivering its economic growth. In addition, the US strategists are in dire need to understand how China has wielded its soft power influence. In case China's soft power becomes dangerous to the emerging states, there is a possibility that the elements of China's peaceful rise, charm and fascination can intimidate the US interests. According to this report, China's rising status can be taken on a rule similar to the Western Europe rise during the 17th century, or the US rise in the beginning of the 20th century.

Thus, there is a need to be more focused on China's policies. In its rise, China's history and culture play an important role through the unity drive and restoration of traditional influence among its neighbors. Beside this, the US key interests, impact of China's policies on these interests with different policy implications are also discussed. Currently, it is emphasized that the US should renew its ad hoc, episodic, and reactive policies towards China and must work with allies to wage a war against any terror in the region (Kurlantzick, 2006). The South China Sea has been considered as the second busiest shipping lane of the world and the habitation of huge energy resources. Thus, it is crucial to know what would be its future significance from energy and geostrategic point of view. In a transformed geopolitical environment, it is very substantial with enough material on the status of South China Sea with the interests of claimant states vis-a-vis the Sea and the role of ASEAN in dealing with this issue.

1. 10. 2 Economic Literature

Economic literature is vast and extensive in nature so it has been divided into different categories. The first section is based on a historical background of economy which describes the different stages of reforms at different levels. A historical background is necessary to understand the consistency and efficiency of Chinese nation that led them to engage in global matters powerfully. It is the matter of commitment and responsibility which is giving rise to growth as well as other initiatives for growth. Economic literature based on historical background consists of books with lengthy major and minor details, however, that do not contain the details of current economic projects. Thus, the other section consists of journal articles, magazines articles, review, newspapers details and other reports issued by different private and official organization some of which are national while others are international.

It is identified that China's rise is seen differently from different world views; some liberals view China as an only growing economic power who is striving for a peaceful rise with promotion of major economic initiatives while there is another group of realist analysts who deal China with a fear of China's growth causing a regional as well global power imbalance which needs to be addressed. According to them, the rise of China in economic terms is not an economic one, rather China's growing soft power is an indicator of China's journey towards a hard power since China is developing its military by modernizing and equipping it with new technologies.

According to John Henderson & Benjamin Reilly, China has gradually seen a huge growth and its growth has risen particularly post the aftermath of 9/11, and 2001. It was this

moment for the US to overlook its policies in the wake of growth of China particularly with reference to economic growth where its link with Oceania consisted of globe's vast area located in Pacific Asia. It also includes 14 states located at Rim land and other areas adjacent to it. Since the end of the Cold War, the US has decreased its influence while China has increased its influence by growing investments and other trade agreements both at micro and macro levels. This change in balance of power can have significant impact on regional as well as world politics (Reilly, 2003). The ongoing patters to evolve relation with the regional countries and the level on interconnectivity need to be critically studied.

Khalid R. Al-Rodhan, who is a proponent of China's rise as a threat claims that it is an unbelievable phenomenon that the rise of China is peaceful. According to him, once China takes its rise, it will definitely be a threat for the US .Further economic and geo strategic aspects of China's rise are still not in favor of the US. However, the writer ignores many ground realities at external and internal levels that can be a hindrance for China to get a status of great power .Further these types of analyses are the linear projection of analogies which are imperfect and misleading thus representing counter-China strategies (Al-Rodhan, 2007).

William A. Callahan claims that China, with the largest population, largest middle class with fastest growing economy and with the largest army with noticeable positions at world organizations has a unique but a complex case to understand for its future status .To analyze this complex case, division has been made at different fronts like at geostrategic, political, economic and cultural fronts. Further William A. Callahan divides all the three writers into three categories on the basis of their theoretical framework in dealing with China's rise like Waldron uses the Classical Realist theoretical framework, Breslin uses a Marxist framework whereas Shih

employs a Constructivist framework (Callahan W.). It is mandatory to employ these theoretical frameworks to explain the rise of China, however, it is also vital to explain it in the context of the current areas of interest for China such as the South China Sea and its adjacent areas. Xiao dong explains the scenario in the late 1970s when China was the poorest country of the world and its GDP Per capita was only 1/40th of the US and 1/10th of the Brazil. China's speedy and sustained growth has led it to be one of the largest economies within three decade. He mentions different stages of historical growth particularly the growth performance and productivity with a main focus on sources of reforms and growth (Zhu, 2011). And thus a great focus has been put on the process of growth that led to initiate the economic reforms, and ultimately economic growth.

A similar analysis is put forth by Arthur who elucidates on the struggling phase of economic reforms of China, it is one of the largest economies with half of the world's coal and steel consumption and the most influential power with its neighbors in terms of its investment in countries of Southeast Asia, South Asia, West Asia, Africa and Latin America. He explains that despite being an authoritarian Communist regime, it has a firm grip on its economic growth and initiatives (Kroeber, 2016). Barry Naughton similarly elaborates on the sources and historical background of modern China's economic since 1949 to 1978 and economic transition from agricultural of the industrial sector by postulating major and minor details and comparison of economic growth productivity and their impact on overall economy including the role of science and technology (Naughton, 2007).

Gregory C Chow in his extensive work talks about China's economic development, its characteristics with more general details, however, few are specific for the economic guides (Chow, 2010).He also emphasizes on the early stages of the entrepreneurship which made

possible the flexible changes in economy that led to the current status of economy in China. In his extended work, he interprets China's economy and then outlines various policies in comparison of the US economy. He further identifies different issues in the US economy needed to overcome (Chow, 2010). In any economy, agricultural and industrial sectors play an important role, in addition to the rural and urban areas that are the backbone of economy. Zheng lai Deng also illustrates the major developments and emphases on China's aspects of economy and its evolution to the current status (Deng, 2009).

Fang Ca in his book, with concrete fact and figures analyses China's economic growth with well-document introduction and other developmental factors that raised the living standard of the people. He also explains different trends of economic development, the role of various sectors, challenges and opportunities to achieve the goal of moving from a middle income to rich income country. Thus, he illustrates the whole journey to obtain sustainable growth (Ca, 2015).

David Jay Green describes the strive for resources in disputed South China Sea and the nature of conflict over the small islands, highly rich in natural resources along with a regional picture which identifies the rise of Asia factory that requires resources in abundance. Certainly there are chances of cooperation between the growing economies of East Asia, however, the surrounding challenges also need to be addressed. So a rational approach with cost and benefit is suggested to understand the cooperation and conflict phenomenon (Green, 2016). Policy guidelines with a deep analysis on China's economy have been prepared by the Economic Committee in the context of China-US relations which is significant for its strength to provide a guideline for the policy makers regarding China (Congress, 1997). Ken Moak and Miles M N Lee thoroughly analyze the process of economic development including the causes of economic

growth at domestic level and its impact on national as well on global economy (Moak & Lee, 2015).

Rongxing Guo, who is well known for his work on China gives a comprehensive view on China's economy since 1949 and his extensive research on China with operational mechanism by making comparison between pre and post reform time period covering all domestic, national and global dimensions with all forms of positive and negative consequences (Guo, 2011). According to Donald H. Straszheim, China has taken a different position at the regional as well as at global levels due to mainly three factors: its industrialization, urbanization and growth of mega-cities. Secondly, demographics and thirdly, its emergence as a fully integrated global economic participant. Although there are many factors working domestically, economic growth, modernization, professionalization of government, response to people and environmental degradation, the significant factor about China is its more competing notion that is encouraged to manage the economic developments. (Donald H., 2008).

Chen Yuan Tung documents the Chinese economy in a pragmatic way by explaining its all ups and downs especially the economic reforms and other initiatives taken to improve the economy respectively. As a result of these reforms since 1978 onwards, China has transformed itself from a centrally planned economy to an emerging global market economy with` impressive economic growth. He mentions an economic survey conducted by World Bank that during 1952 and 1981, China was at 0.5 percent that was almost a quarter of the ordinary growth rate of the other 19 developing nations. The writer justifies with the miracle formula for the Chinese economic growth that was based on reforms made at different levels in three phases that are from late 1970s to early 1980s; from 1980s to early 1990s; and from late 1990s onwards. Chen Yuan Tung and many other writers on a similar ground mention the same phenomenon for impressive

economic growth, however, for the topic, it is indispensable to define the motives behind economic growth yet most of the writers have not analyzed the current and future dimensions of Chinese economy. The future dimensions of economy are much more important due to the rising status of China at the global stage. For the same reasons, it is necessary to analyze the future economic projects (TUNG, 2005). According to Sadık ÜNAY since 1990s 'China's re-engagement with the global political economy has shaken the global community' and generated a debate about the future role of China in world economy and in the global governance (ÜNAY, 2013).

The literature about the rise of China is very diverse in nature, few of which is optimistic with a bright picture of China as an apparatus of growth in the global economy, particularly in the context of financial crisis at a global level. Along with the similar threshold, there is certainly a literature which is pessimistic in nature based on the theme that views China's growth as against the West, particularly the United States and which considers China's rise as a medium to govern the global institutions.

1. 10. 3 Sea and Law of Sea Literature

Tennessen investigates South China Sea which has got fascination since 2009 when different clashes over drilling, fishing, naval exercises, started to occur in regions involving China, Philippine, Vietnam. Moreover, he claims that although China is rising and adopting aggressive stances occasionally, but after all, it will go with negotiations over the conflict under international law, which otherwise could hinder it to take further moves to develop. Further he introduces the interesting geopolitical notion that maritime territorial disputes are intrinsically

less likely to lead to war than disputes over land borders (Tønnesson, 2015). However, he ignores the other economic and political factors that are tremendous hindrances in dealing with this issue.

Yann-huei Song and Keyuan Sou in their edited work collect all the well-known names on the maritime aggression and the resulting global concerns to take their views on the different dimensions of the Sea and particularly about its legal position on different chains of islands of Paracels and Spratly (Sou, July 2015). Further suggestions for the regional code of conduct and methods to resolve the conflict have been discussed by security specialists, lawyers, military officers and people from academics and research from America, Europe and Taiwan.

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S Jayakumar with his fellows analyse the different provisions of the UNCLOS and their feasibility to apply on South China Sea with extensive details. Further major details including history development and current status of legal principles are also discussed. Moreover, legal principles are discussed with the domestic as well as global implications. This book is an informative account on the maritime law with the application of law on South China Sea from a neutral point of view which can be valuable for the future in addressing the clash, access to resources and upcoming challenges to the navigational freedom (S Jayakumar, 2014). The UNCLOS is a legal framework which presents the legal principles for the viable advances within the oceans and resources. Nong Hong explains the effectiveness and application of UNCLOS and evaluates it as a main source of settlement of maritime disputes. South China Sea has been taken as the most challenging case study to apply the ‘internal coherence of the law’ on the maritime issues and the measures to settle them (Hong, 2012). Shicun Wu along with Mark Valencia talk about the security and political dimensions of South China Sea with all the

technical themes like marine scientific research, historic claims, navigation regimes, regional common heritage, use of oceans (Shicun Wu, 2016) . In this edited book, different writers from diverse backgrounds have given their views on different dimensions of the Sea related issues generally while regarding South China Sea in particular. This book is important because of its subject matter related to ASEAN countries and particularly the tensions arising from the South China Sea dispute. As South China Sea is a significant and current issues, most of the literature covering all dimensions is in edited version which is a result of the conference on the dimensions of the Sea. In this regard, Robert C. Beckman, with other co-authors have edited a book based on the deposits of resources and then emphasized over the improvement of the nature of the issue and the efforts to settle the issue (Robert C. Beckman et al, 2013).

Along with UNCLOS, the major details including history development and current status of legal principles are also discussed with domestic as well as global implications. This book is an informative account on the maritime law with the application of law on South China Sea with neutral point of view which can be valuable for the future in addressing the clash, access to resources and upcoming challenges to the freedom of navigation. According to Leszek Buszynski, South China Sea is a dispute which has existed since the last six decades and is becoming more complex day by day as states have become more assertive and aggressive in nature to their claims on different parts of the Sea. As a gateway to major supply lines particularly for power engine like Korea and Japan, China in this regard is absolute in its claims that it has indisputable sovereignty which is drawing in the US which is more concerned about the regional stability and the insurance of freedom of navigation. In this regard, the US is evolving ties with Vietnam besides the Philippine whom it has been supporting for years, however, currently it is developing different security ties to keep an eye on China. It has

examined the extent of potential lies within the conflict and diagnoses the peaceful resolution to avoid any future threat to regional as well as global security (Buszynski, 2014). Discussions have been made in multiple directions. The current developments made in South China Sea have been analysed by comprehending the international view point in the legal perspectives with the involvement of different actors in conflict at regional and international levels. Meanwhile, application of international law in changing regional context and particularly in the changing political landscape along different previous policies are discussed to manage the conflict peacefully. At the same time, current policy implications as well as the future policy options are also discussed. Urge has been made on peaceful resolution of dispute by giving diverse view points on the subject (Tran Truong Thuy, 2015). Shicun Wu with Keyuan Zou discusses the decision of International Court of Arbitration which was filed against China by Philippine under the (United Nations Conventions on the Law of Sea) UNCLOS.

The case is considered as a milestone in many perspectives but mainly because of its involvement of parties, absence of parties and legal questions to be addressed while proceedings. As an edited version, the book is a collection of all facts and figures shared in proceedings by different scholars from North America, Europe and Asia raised out of the South China Sea Arbitration. It consists of five parts, the first deals with ‘the origin and development of the South China Sea conflict’, the second deals with ‘the jurisdiction and admissibility of the case’, the third is about ‘the international adjudication and dispute settlement’, and fourth deals with the ‘legal issues arising from the case’ such as ‘the legal status of the U-shaped line and islands, rocks and low-tide elevations’ while on the other hand, the fifth deals with ‘the Arbitration case and its impact on regional maritime security (Zou, 2016).

After having a critical review of the above defined literature and other primary and secondary sources, it is concluded that there is requisite to be more focused, in analysis of the growing power of China, particularly, it is essential to have a neutral look and more of a pragmatic approach respectively. There is certainly a need to identify and understand the fine lines of growth of Chinese economy and moderation of security parameters. Although, both soft and hard powers go hand in hand, however, still it is required to find out and understand the current nature and priorities of China's overall growth. Additionally, there must be a pragmatic, accommodative and a neutral approach in studying the policies of the US, its concerns and initiative of 'Pivot to Asia'. Although the US was growing its ties with Asia Pacific during Obama's regime, however, the US's new government is also making its focus on the Asia Pacific for many reasons where South China dispute is one of those.

It has been noticed while reviewing the existing literature that there are two different extreme views while studying the growth of China; its involvement in the South China Sea and the US concerns regarding the South China Sea and its involvement within region. In this regard, one extreme view tries to prove China as an emerging great threat for the US and for the whole world with its huge economic and military developments so the US has to be more concerned to encircle the power of China as it is an emergent threat to the hegemony of the US. While the other extreme view emphasizes on 'peaceful rise of China' that China believes only in peace, cooperation and there are no chances of conflict. It can be remarked that China's growth, stance on South China Sea as a national interest and its active diplomacy, needs a neutral point of view, and the same threshold of neutrality is required in studying the US response. It can be analysed that there is a dynamic connection between all the above mentioned scenarios that needs to be highlighted, which is a major concern of this research.

CHAPTER 1

THEORATICAL AND CONCEPTUAL FRAMEWORK

To understand the growth process of a country leading to an achievement of power there is need to understand the geopolitics of the world. Understanding of geopolitics is necessary as various policies are formulated to accommodate the geostrategic status and to maximize the benefits and lessen the costs. In order to understand the geostrategic position of South China Sea, its ongoing circumstance and the future role in changing regional dynamics, there is need to analyze it within certain parameters of theories. Theories are basically by-products of a certain society in specific circumstances, however, provide a general pattern for certain happenings.

Similarly, in order to understand the geography and the geographical features, there are many theories to describe the significance of geography, its characteristics and the ultimate role played by the geography to create a new world order. In this regard, four theories are specifically noteworthy which have been discussed in this context to analyze and elaborate the ongoing patterns within the South China Sea; The Heartland Theory, The Rimland Theory, The Sea Power Theory and The Organic Theory, while there is another Theory of Rise and Fall of Great Powers by Paul Kennedy which is also discussed to identify the crux of the ongoing situation, the nature of changing regional dynamics and the future of changing World Order.

1.1 Geopolitics of the World and its Theories

The geopolitics always play a significant role in shaping the destiny of the state. Throughout the history it has been a key to the rise and fall of the states. In order to identify the changing power dynamics, it is necessary to get a brief depiction of the geopolitics and the theories of geopolitics for further investigation.

In this regard the Sea Power theory is significant which was presented by Alfred Mahan during 1800. According to Mahan, world domination, control and power are strongly associated with the Sea power, trading power in peace while naval superiority in times of war. He emphasizes on the importance of Sea power as it brings a vital part of national wealth in the form of trade hence national supremacy.

He outlines six principle conditions that are the geographical position, the physical conformation, the extent of the territory, the number of population, the character of the people, and the character of the government, necessary for the national power in order to get the global dominance. He argues that whosoever controls the Sea will eventually be powerful and be in a position to control the world island and rule the world.

There is another theory named the Organic theory during 1897 by Friedrich Ratzel. According to Friedrich Ratzel, states are like living beings as people living in it are living beings so as much as they grow they feel more need of ‘living spaces’, food, resources. Like a living being it passes through all the complementary stages of birth, youth, maturity, old age and death. (Ratzel, 1970). For Ratzel “A nation (Volk) does not remain immobile for generations on the same piece of territory: it must expand, for it is growing” (Bassin, 1987, p. 476). A state is often

taken as the notion ‘which exists in air’ without any connection the land which is inhabited by the communities who live on the land, move with own its existence. In his work, ‘Lebensraum’ and ‘Politische Geographie’, he combined two approached of anthropogeography and geopolitics in order to show the depth of relations which exist between humanity and the geographical display in which it plays. Thus he was successful in presenting two new concepts to Lebensraum and Social Darwinism (Abrahamsson, 2013).

According to his concepts, which were truly based on biological origin, without a static concept of borders, with a use of similes and metaphors from biology, while analyzing the state in geographical and political science parameters. Rendering to Ratzel, states are organic and budding, state borders are the only temporary halt in their advancement. State is a piece of land, man lives on it in compliance with state idea and natural laws, development of which are associated with the conditions of the natural environment. State itself is not a living being however it is the land in its spiritual relation with people who takes their nourishment from land. The expansion and stretching of the borders of the states is the sign of health of the nation. Thus states must grow and die like the animals (Abrahamsson, 2013). He also draws seven laws for states expansions which the states observes while growing:

1. Area increase within increase of population with the similar culture
2. Territorial advancement is subsequent to other aspects of the development,
3. A State makes its growth by absorbing smaller units, State borders are the marginal but the temporary organs of the State which depicts the health of the state

4. States while approaching towards growth look for absorbing politically valuable territory,
5. The impetus for growth comes to a primeval State from rich civilization and the Notion
6. The trend for the territorial expansion is transmittable
7. It grows while the process of transmission (Ratzel, 1970)

Another dominant theory of geopolitics is the Heartland theory which was introduced by Mackinder in 1904. According to Mackinder's 'Whoever controls Eastern Europe controls the Heartland' (Mackinder, 1904, p. 421). In order to ordain the principles, Mackinder divides the Land surface into three categories;

- First one was The World Islands which consists of Asia, Africa and Europe. It was considered as the richest area in terms of population and resources.
- The second was The Offshore Islands that consisted of Japan and the British islands.
- The third category was The Outlying Islands that consisted of both South and North Americas and Australia.

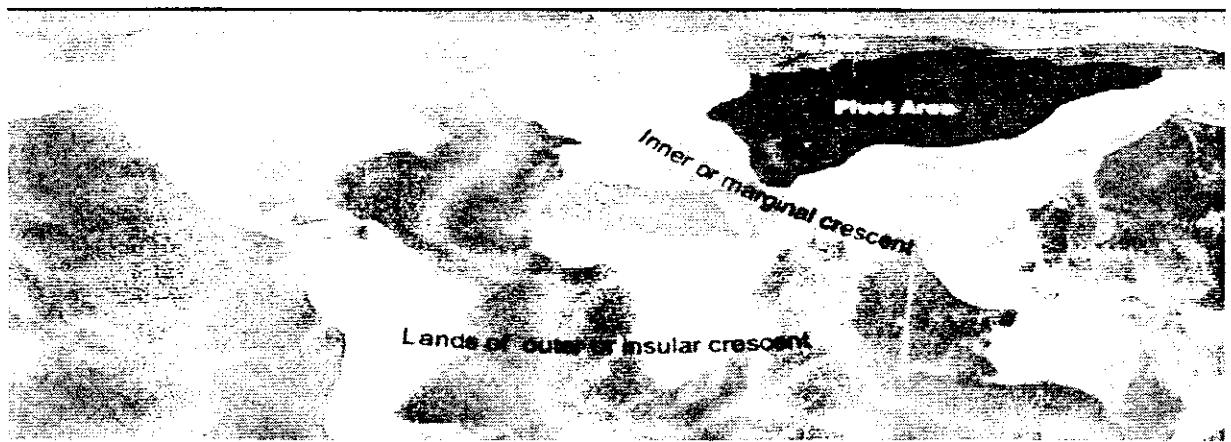


Figure 1: Heartland Area

Source: (Fernández, 2005)

He further explained his notion in 1919, 'Who rules East Europe commands the Heartland; who rules the Heartland commands the World-Island; who rules the World-Island commands the world' (Mackinder H. , 1919). In that explanatory note, the regions were elucidated that who controls the heartland comprising of Eurasia , Central Asia and the High Seas, would control the world islands, whereas who controls the World Island would ultimately rule the world. (Mackinder H. , 1942). The Heartland includes the parts connected to the West by Volga, the East from the Yangtze River, and North from the arctic and south consisting of western Himalayas along with countries like

Kazakhstan, Magnolia, some Chinese and Iranian parts along with Belarus, Ukraine and Russia (Aksenov, 2006). Thus, any political group, state or nation that extends its power in the same direction would be able to extend its area of influence from the core to periphery, to come into a position to rule the world.

The Rimland theory was postulated in 1930 by Spykman 'Whosoever controls the Eurasia's Rimland, the coastal areas, is the key to controlling the World Island' (Spykman, 1944, p. 59). The Heartland Theory was further explained by Mackinder's student Spykman, in 1930, who titled it as The Rimland Theory. The Rimland Theory is significant for the states which have the maximum access to the sea and with huge amount of resources. Spykman criticizes Mackinder for overrating the features of Heartland based on the supremacy of being land power, vast size and the pivot in the geographical location. He claims that it would not be the potential hub of Europe because of many possible obstacles including the distance from industrialized parts of Europe, existence of agrarian society, hindrance in transportation due to the freezing temperatures, no supremacy of land power without being the sea power altogether. He rather suggests that the strip of the coastal lands which encircles the periphery of Eurasia than the centre of the Eurasia is a major play to control the Eurasian continent.



Figure 2 : Rimland Area

Source: Spykman's concept of Rimland

The area which was declared by Mackinder 'the inner of the marginal Crescent was divided into three areas:

- The Asiatic Monsoon land consisting of few South Eastern areas
- While the Arabian Middle Eastern Deserts consisting of Persian Gulf areas
- And The European Coast land including the West part of Europe (Spykman, 1944).

In a detailed and updated account, it is mentioned that Rimland carries the heartland so who controls the Rimland would be able to control the world island and so on. During The Cold War period, it was one of the influential theories which played significant role in creating various moves particularly in the Soviet Union.

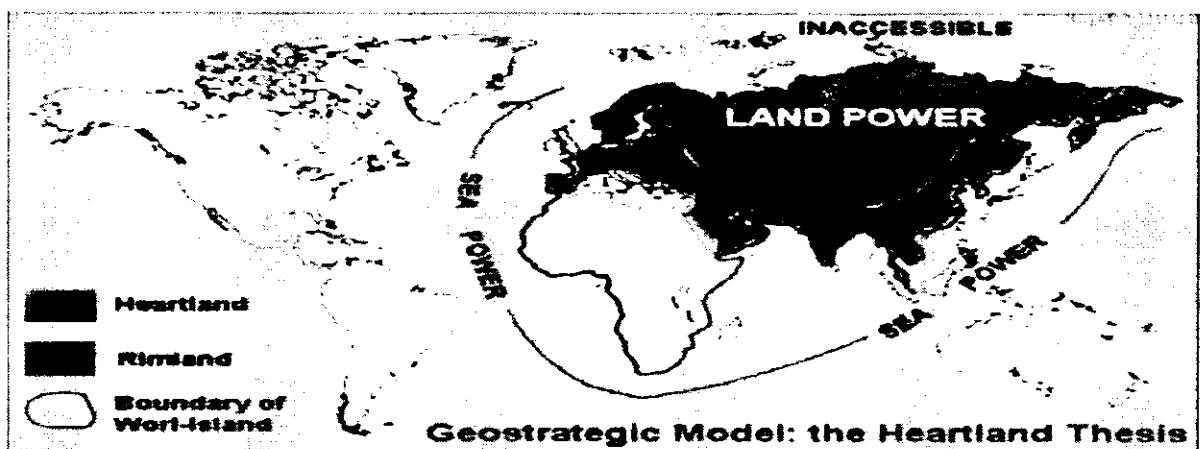


Figure 3: Combination of Heartland and Rimland

Source: Combination of Mackinder's and & Spykman

Although the US is not located in the sphere of Rimland and Heartland, however, its 'super power' structures can be evident. To be a 'super power' thus suggests to have a favourable

influence in the strategically significant areas and projection of the power when demanded with the ability of ultimate defence, being surrounded by the two oceans.

What these theories suggest is the interconnectivity with each other, like any power that wants to control The Heartland, one must control Rimland which is dependent on maritime supremacy. All the motives behind the seeking of power, world domination and control are signs of a state as a living being, as suggested by Ratzel.

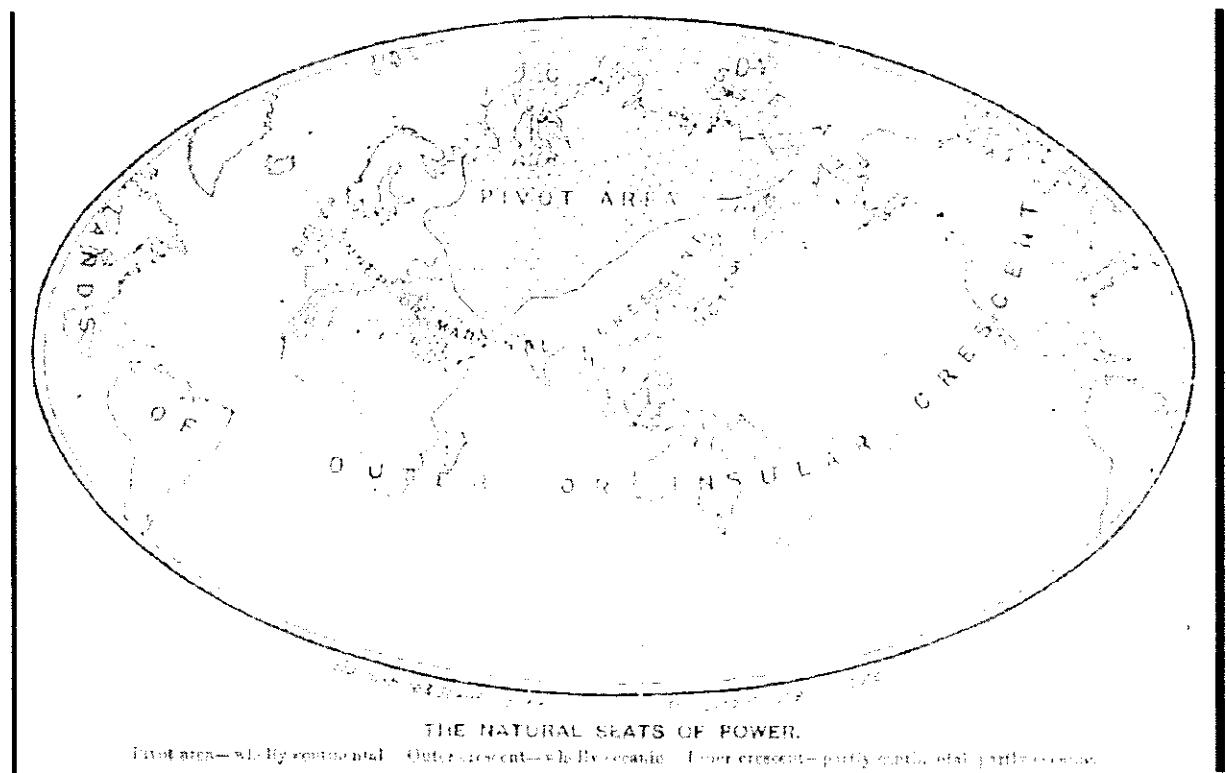


Figure 4: The Geographical Pivot of History

Source: Halford Mackinder's, The Geographical Pivot of History

During the World War I, Hitler tried to put Mackinder's Heartland theory into practice but it was blocked by the Russians while at the end of World War II, the US came to make its new destination with an intention to dominate the world by controlling The Heartland. This was

the ultimate plan A while plan B was to keep away the nations so as to avoid their future and possible coalitions against the US. The nature of relations can be traced back to the history of the conflicts between the US, Iran China and Russia which compose the important and substantial areas of the Heartland (Yasmann, 2001) (Kullberg, 2001).

Since the Tsarist times, Russia has always been a centre of attraction due to its geographical position in the Heartland. Iran is also valuable for its place in Heartland, which earlier was an area of the US influence to Pahlavi Monarchy till the Islamic revolution, Iran became a rival state to Washington. And its influence is considered dreadful for the US hegemony which compels it to control the areas that are considered necessary for its grand strategy to dominate the world. China is also the centre to heartland which was prevented to make a future alliance against the US in 1980s and rather was used against Soviet Union (Alcenat, 2008).

The geopolitics theories are crucial in defining the concept to 'dominate the world'. Regarding the domination of the world, Sea power equation is vital to describe the future of the world which can be written in the way:

Mackinder + Spykman + Mahan = world domination while Ratzel acts as a real cause behind the world domination.

Ratzel (State needs nourishment)

Mackinder+ Spykman+ Mahan = world domination

Thus, Ratzel's concept of state as 'a living being' that needs nourishment, acts as the actual motivational force behind all the other theories. In all the above discussion, it is evident that geography and particularly the Seas play a significant role in the creation and erosion of a new state system or world systems. Seas are very critical for economies of the states predominantly for those who are heavily dependent on maritime trade. From the above theories, it has also become clear that in any case, the significance of coastal areas the South China Sea, the Celebes Sea, the Java Sea, the Ademan Sea, the Indian Ocean, the Arabian Sea, the Red Sea, along with the Gulf of Aden, the Persian Gulf, and the Gulf of Thailand cannot be denied. The worth of the aforementioned Seas becomes twofold: firstly, because of the maritime trade as these are noteworthy transit routes for the global seaborne trade secondly, due to navigational point of view. Out of these Seas, most significant are the straits specifically the Malacca strait and the Suez Canal as a transit route and connecting point for all the Seas around The Rimland (Pieraccini, 2016).

1.2. The Mahan's Sea Power Theory

The Sea Power theory by Alfred Mahan suggests three requirements for great power: production, shipping and colonies. While arguing about the requirements, he suggests six prerequisites conditions to acquire the three pillars. By engaging these conditions, many things can be materialized: geographical position, physical conformation, extent of territory, number of population, character of the people, and character of the government. According to Mahan, the above mentioned three requisites are significant as far as the national power is concerned. Maritime commerce is vital for the economic prosperity of a nation and hence for national wealth. Mahan strongly emphasizes that Sea power is the key of global predominance (King,

1990). He justifies his ideas by giving the example of the British Empire that it was the Sea power which led the Britain to be the Great Empire. According to Mahan, a state with a Sea has a great potential to dominate the world because the Sea itself has a massive potential to bring strength and prosperity to that state. Further, a state with a Sea is at an advantageous position as the Sea can perform many functions, some of which are as follows:

- Sea as a ‘well-worn trade route’ for supplying trade and bringing the raw material at home
- Sea is ‘great’ highway for transportation
- Sea as a ‘wide common’ as a mean of communication to cover the all directions

Mahan identifies the narrow passages in the Sea as the most significance strategic points, named as ‘choke points’ which are key to control and maintain the dominance (King, 1990). As a historian, strategist and political geostrategic figure, he outlines excellent examples on the basis of his The Sea Power Theory, in which he elaborates the existing great power based on Sea power and predicts the future great power. His immense predictions are vial in the way he predicts the scenario for the establishment of potential powers. On the basis of his seasoned knowledge and experience, he warns American leadership to be concerned over the potential threat from Europe and Asia. According to him, America can face the threat in future, if surrounded by the hostile powers or the alliance of Eurasian powers. In other words, if some hostile power controls the centres of power on Eurasia, America would be in need of cooperation of the Britain Empires as major Sea power, as it was the Britain Empire who stood as barrier between Napoleon and the dominion of the world (Sempa, 2002). Such a thoughtful geopolitical

insight on the basis of profound knowledge of geography and history led him to understand and predict the things accurately. His understanding of the 20th and 21st centuries conditions leading towards the First and Second World War were quite realistic which remained unchanged for the next 35 years. He unveils that "A German navy, supreme by the fall of Great Britain," he warns, "with a supreme German army able to spare readily a large expeditionary force for over-Sea operations, is one of the possibilities of the future", (Mahan, From Sail to Steam: Recollections of Naval Life, 1907, p. 22) "The rivalry between Germany and Great Britain to-day," he sustains, "is the danger point, not only of European politics but of world politics as well."(Mahan, From Sail to Steam: Recollections of Naval Life, 1907, p. 22).

He outlines the conditions for The Cold War as well, by encompassing all the potential elements of power into Russia. According to Mahan, communications are crucial to control the war as they are the most important sole component in military or political strategy, which comes by control on Sea lanes; the one who controls Sea has the ability to control the communications (Mahan, 1905). According to him, the Seaborne trade, the economic prosperity and the ultimately national power are majorly interlinked. He emphasizes that the control on the Sea by expanding Sea borne trade and utilizing it to achieve the navigational power, which would be meant the foremost influences in the world since the maritime trade is the product which is to be exchanged cheaply and easily through the Seas as not anything facilitates the necessary exchanges of trade and commerce as does the Sea. (Mahan, 1905).

According to Mahan, the Sea borne trade and the naval supremacy are interlinked because the purpose of navies is to exert control over common lanes of Sea communications. Sea communications, or trade routes, represent the arteries of the world economic system. Trade

represented the life blood that fed the component parts of the body, i.e. the various nation-states. (Mahan, 1905).

There is a common assumption that the Seafaring and trade produce merchants, merchants accumulate wealth, and then wealth leads towards political power in order to defend and develop it the seafaring. Often they will prevail in governments, and enforce their ideas on others. These are the ideas that encourage trade in the first place: freedom of information and therefore of opinion, open and responsive government, fair taxation, social enterprise – all the liberal values so familiar today (Till, 2006). To develop and manage the military is a simple matter as it involves mobilization of man power and the required equipment while establishing and developing navies involves many aspects as it involves multiple people from different fields of life like Seafarer, urban merchants, franchisers, investors and ship owners (Iliopoulos, 2009).

As a historian and strategist, Mahan is fully familiar with the global geography and its future role in shaping the future world order, as he is with the view that global economy is doing well as a dynamic system but there are strong apprehensions for the disruption of the global economic system. Upon considering the strategic significance, he predicts the future wars and the role of the Sea power as a sufficient power to achieve the strategic goals. For Mahan, the main concern is particularly regarding the ‘blockade of the US Sea ports’ (Westcott, 1918).

In the light of Mahan’s theory, Sea power is technically a composition of three elements: one over the Seas trade, second is naval stations sideways the Sea lanes of communications, and thirdly the fleets which are either merchant or naval. He claims that the Sea is a ‘Wide common’ which means a pathways running in all directions as well as a big source of ‘communication’

which indicates that it is a secure passage within water. He highlights that Sea power can be a great power by utilizing the power of Sea in facilitating the flow of trade and naval shipping. To utilize the fruits of Seas, he uses the term ‘command of Sea’ which means a power on the Sea with a potential to drive the enemy’s flag in or out of the Sea with an advancements to be closer to the Sea lanes that are the source of transportation of trade to and from the enemy’s shore (Mahan, The Influence of Sea Power upon History, 1660–1783, October 2011). With a naval supremacy, a state can protect its trade from foreign invaders by deploying fleets and battleships and finally a state with enough wealth, would always be able to defeat a country.

His have received a systematic appreciation across the world in 1809 which were published in a book form titled as ‘The Influence of the Sea Power upon History, 1660–1783’. His Publication witnessed a series of appreciation throughout the world and his work was considered a great contribution to the literature on geopolitics. The Times of London declared him ‘the new Copernicus. Mackinder called him ‘the founder of modern geopolitics’. According to him ‘the ocean was ocean all the time but the practical meaning of that great reality was not wholly understood until the few years ago, perhaps it is only now being grasped in its entirety” (J.Mackinder, 1944, p. 39) (Sempa, 2000)”.

1.2.1 Conceptual Model

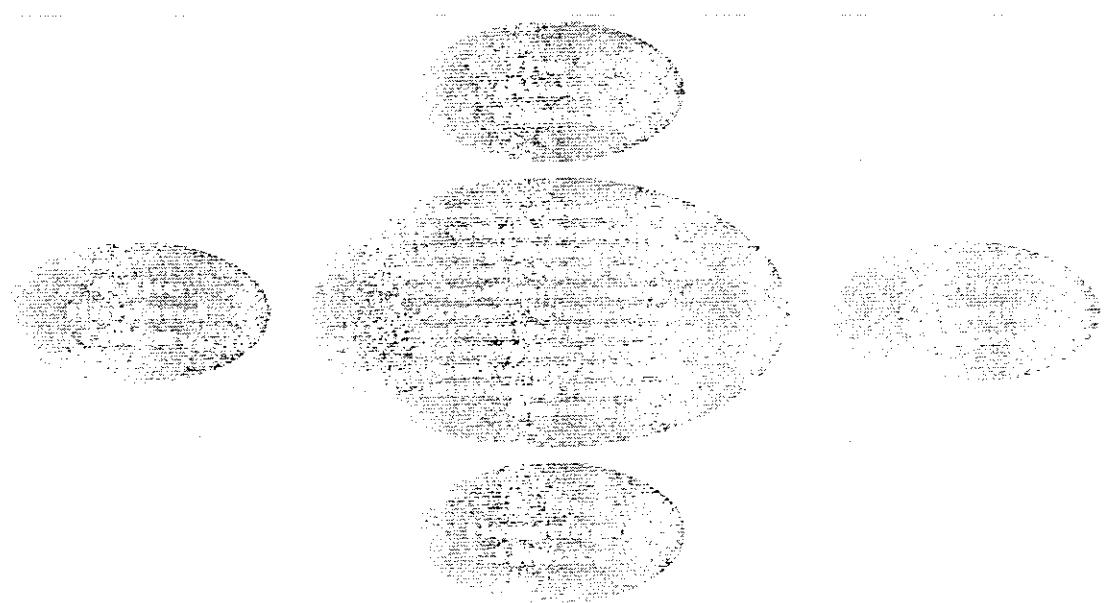


Figure 4: Theoretical construct

Source: Author's own contribution

All theories are equally considerable regarding the world domination, however, to make it clear and understandable, a model has been built to conceive the central idea of the theories based on the core of Sea power. Initially, basic theories are discussed and later, a conceptual framework has been developed to give it the concrete meanings. In order to explain the rise of China in changing dynamics, Mahan's theory of Sea Power has been elucidated in detail.

1.2.2. The Principles of the Sea Power Theory

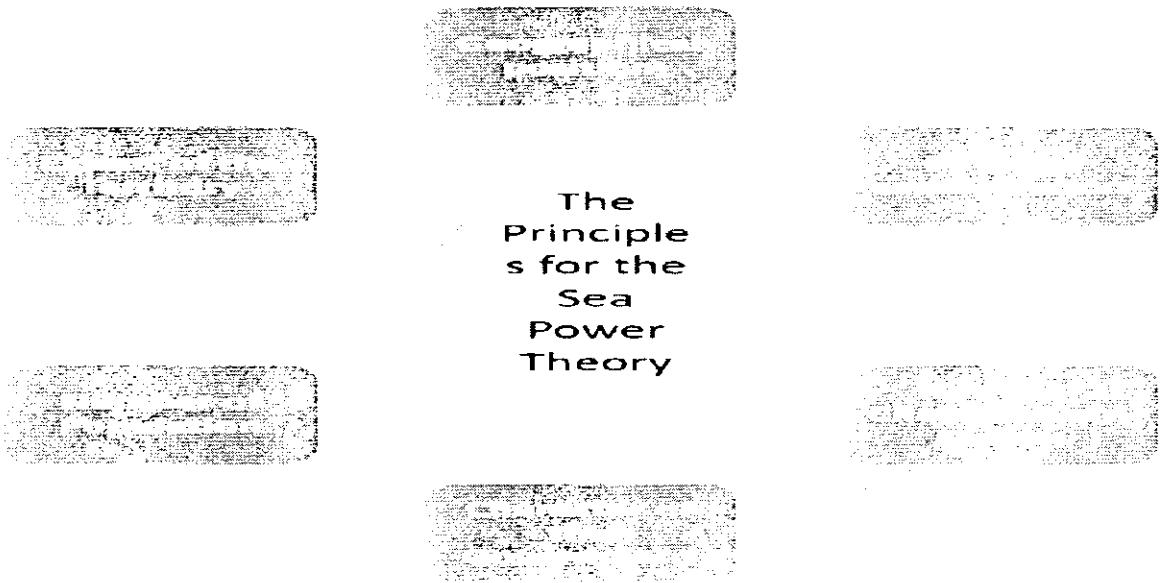


Figure 5: Mahan's six principles for the Sea Power Theory

Source: Mahan's six principles for the Sea Power Theory

The Sea Power Theory is so deeply envisaged in the policies of China for which the whole state machinery is involved in pursuing the goals of six elements of a Sea power as mentioned by Mahan. Mahan's six principles can be clearly seen in the developing phases with significant other formalities for the purpose of achieving the great power (Mahan, 1949).

1.2.2.1 Geographical Position

By geographical position, Mahan refers to the location of a country that is safe from threats. According to him, to be an island state is to be at more advantageous position in defence as the Britain was and as US currently is protected by the Pacific and Atlantic Oceans. When China is analyzed under Mahan's philosophy, it became obvious that it is located in the Asia

Pacific with a huge coastline in its East and South as a distinct feature. China's location is highly significant for the Sea communications within the Pacific and Indian oceans connecting through various Sea like yellow, Sulu, East and the South China Sea. China, for futurist perspectives, is gradually increasing its influence in the Seas adjacent to its coastline. South China Sea is precisely significant for economic as well as geostrategic purposes as China is heavily dependent on the Seas for transportation of energy resources from Middle East. South China Sea is not only significant for China rather for other economic engines like Taiwan, South Korea and Japan. Besides, the raw material, finished products to other parts of the globe are also transported from South China Sea. In this regard, China is making huge claims in South China Sea to secure its current and futurist influence in its neighbourhood and to secure the philosophy of First Island Chain (area from the Kamchatka Peninsula to the Malay Peninsula) as a military doctrine derived from the 'Island Chain Strategy' initiated during the end of Korean War in 1951 by John Foster Dulles which suggested, containment and blockade by surrounding China. China has included the idea, in its military strategy that is mainly based on 'three island chains' First Island China, Second Island China and Third Island Chain. First Island Chain is most significant for expansion of its future influence as well as to meet its security needs.

According to the Chinese Military Doctrine, the First Island Chain is significant area to be secured and restricted from any foreign attack particularly restricted from American access (Holmes, 2014). Not only restricted to access, however, the purpose is to build a capability for a pre-emptive attack against the adversaries. Determination is to not only make the borders secure but to extend the coastline to the territorial area for which China is competing with other states mainly with Vietnam and Philippine.

1.2.2.2 Physical Conformation

The physical conformation was the second element which refers to the Seaboard of any state; the greater the Seaboard, the more chances to interact with others. In other words, it is a greater opportunity to interact with other people of the world. Purposely, China is precisely following the principle to achieve higher aims; the broader the coastline, the more chances to interact with other states with huge communication through Sea. In this regard, China has engaged itself in the Sea based initiatives like B&RI or BRI (Belt and Road Initiative) stretching from East Asia to Europe via connecting South Asia, Central Asia, and West Asia ultimately towards Europe and Americas. The connection made through the Sea is known as Road while the connection of states from China to Europe and America's via physical road is known as Belt. The South China Sea is the core to this whole initiative as all transportation will be carried out through this Sea.

1.2.2.3 Extent of the Territory

The extent of territory mean a territory which a country contains was the third element of Mahan “as regards the development of Sea power, it is not the total number of square miles which a country contains, but the length of the coast-line and the character of its harbors that are to be considered” (Mahan, 1949) as strategically it becomes harder for enemies to blockade the country which leads the communication of Sea traffic frictionless. With the use of Seas, technological advancements and economic growth, China is in a position to access the Globe from one end to the other through the B&RI initiative. For the same purpose, China is developing different ports of least developed countries of Asia and Africa, to smooth the Sea

traffic like in Thailand, Indonesia, Malaysia, Myanmar in East Asia while the Sri Lanka, Pakistan and Bangladesh from South Asia and so on till the Piraeus, the Port of Greece. Different strategist have given the strategy of building ports as ‘connecting chips in least developed areas’ and the ‘String of Pearls’. Along with the coastline and territorial advantages, China has huge capacity, experience and skills of building ports at home and globally. Out of world’s top ten, China has six container ports of the world with huge capacity to trade in millions of volumes. In this regard Shanghai port in China is the World largest container port with capacity of 36.54 (Million TEU) (Lloyd's List annual Top 100 Ports, 2017).

1.2.2.4 Number of Population

The number of the population was the fourth element of Mahan’s Sea power, particularly the number of population involved in the Sea for their livelihood with higher skills and experiences in Sea faring. Chinese civilization is one of the ancient civilizations of the world that has lived in the cradle of Yantze and Yellow River. The growth of civilization in the areas of fishing for livelihood and migration from one area to another, mainly from India to China through the Sea along with the Sea expedients in various dynasties suggests the experience and skills of Chinese which is based on centuries of fishing, training and other relevant aspects. In terms of experience and skills in Sea trade and transportation along with shipping industry, China is included in one of the top states of the world behind Greece and Japan with ownership of maximum ships.

Number of Population involved in Sea

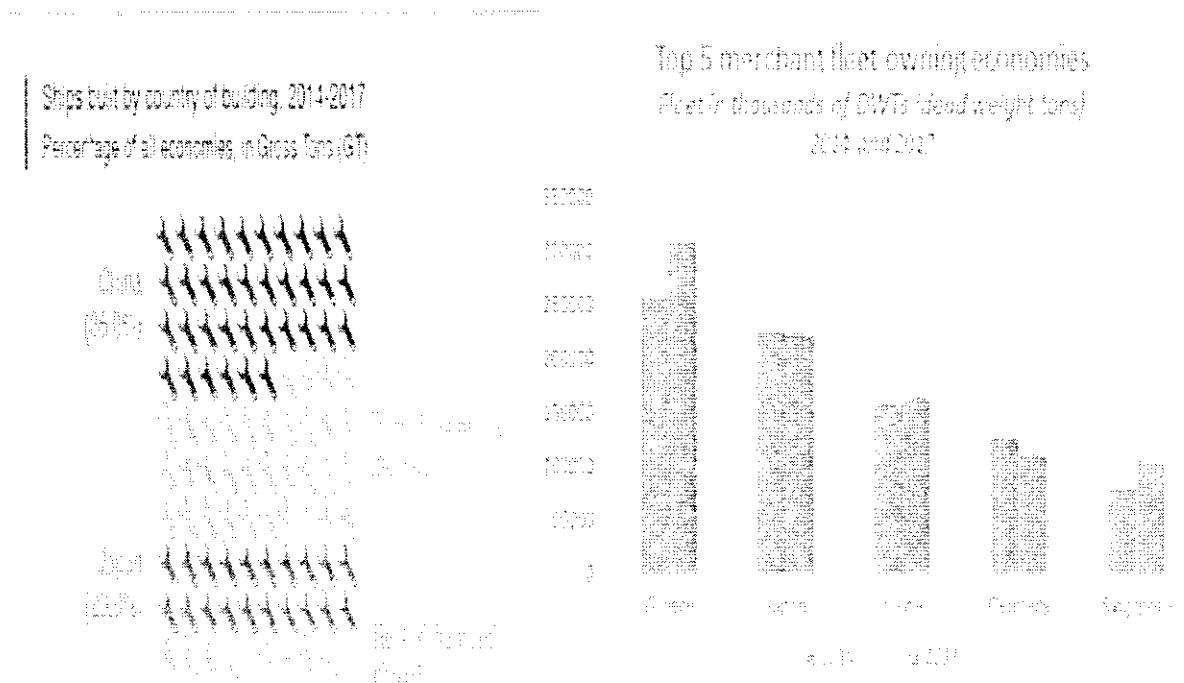


Figure 6 : Number of Population involved in Sea (A)

Source: (Hoffmann, 2010)

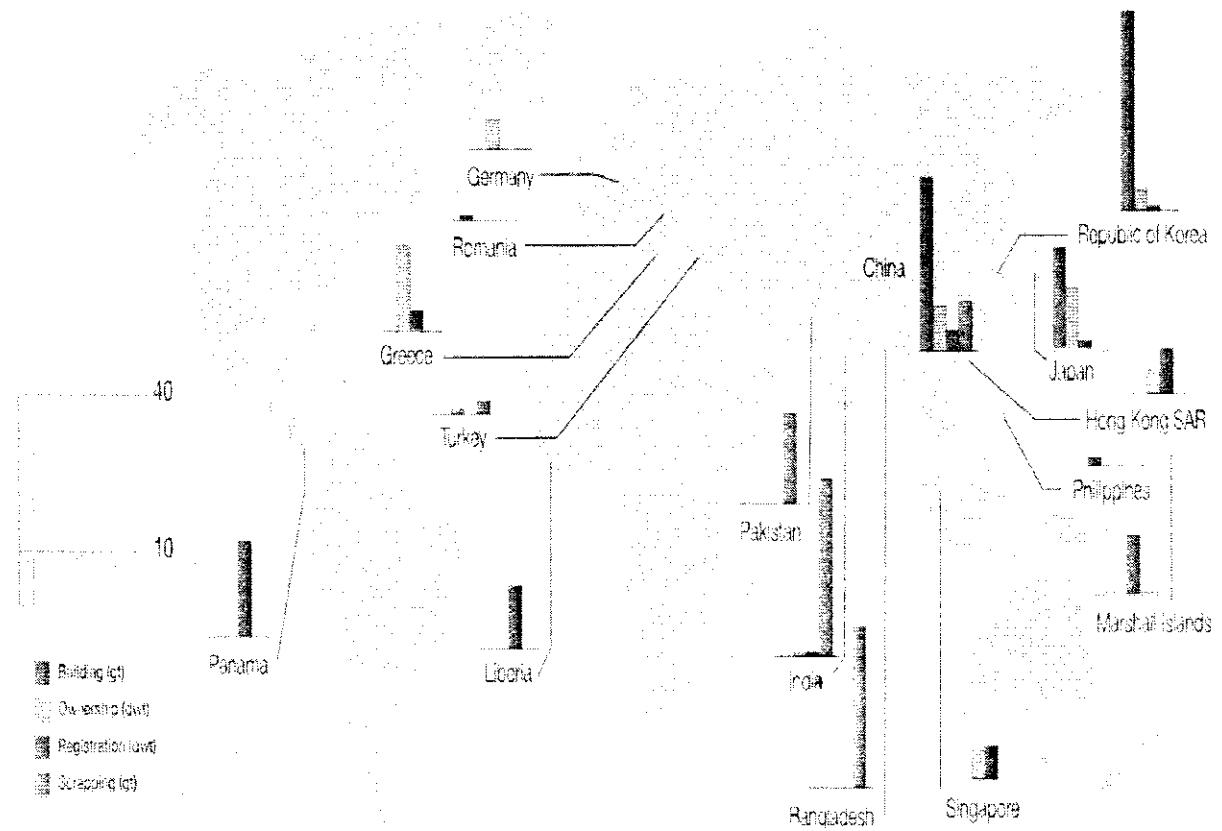


Figure 7 : Number of Population involved in Sea (B)

Source: (UNCTAD, 2017) Figure 8

1.2.2.5 National Character of a Nation

According to Mahan, states with Seaborne trade aptitudes have greater capacities to grow and prosper. China is one of those nations that mainly depend on Sea and particularly on South China Sea for its trade which is the main pillar of economy and growth. Many estimates have been made about the trade and transportation in South China Sea. Below is the graph which

demonstrates the production and consumption of oil by China showing the significance of South China Sea for the growing needs and consumption of oil:

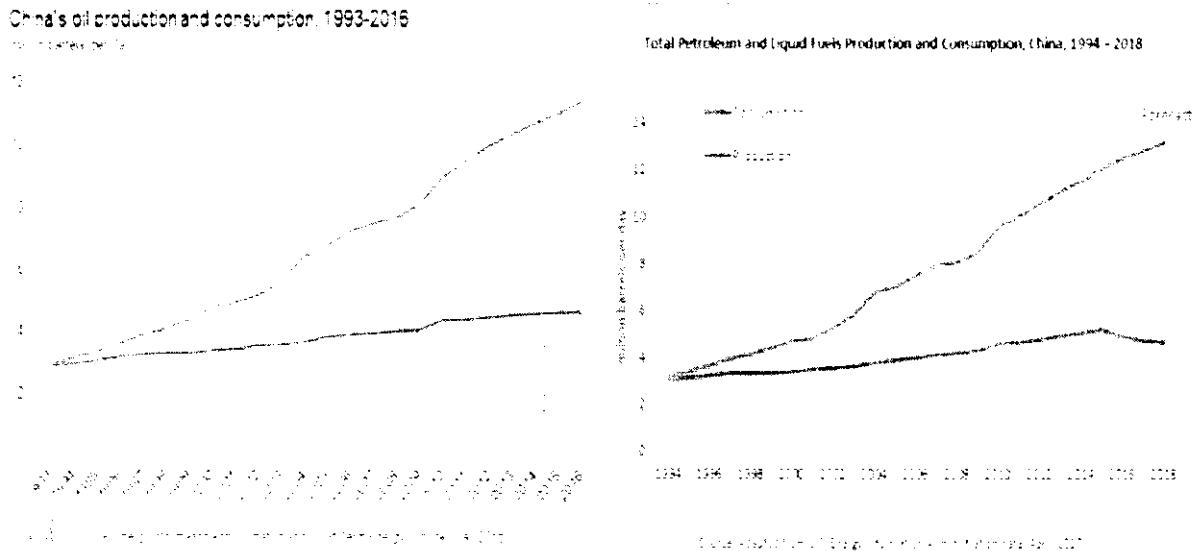


Figure 9: Oil Production and consumption in South China Sea

Source: (EIA), 2016, 2018)

Besides that, currently, a study has been conducted by the United Nations Conference on Trade and Development (UNCTAD) to examine the exact quantity of trade and transportation through the Sea based on the primary sources of trade. According to the United Nations Conference on Trade and Development (UNCTAD), approximately 80 percent of world's trade by volume and 70 percent by value are transported through Sea. Out of 60 percent approximately, 60 percent of the total trade passes through Asia, one third of the total trade of the world passes through South China Sea (IEA) (How much trade transits the South China Sea?) (Review of Maritime Transport, 2015). In other words 26.6 percent of global trade passes through South China Sea and 20 percent of trade of Asia passes through South China Sea. For China, 60 percent of its total trade passes through South China Sea and 80 percent of

energy resources for China are transported from the South China Sea. According to UNCTAD, 3.37 trillion trade passes through despite being 5.3 trillion. Total trade can be divided into various categories of imports and exports.

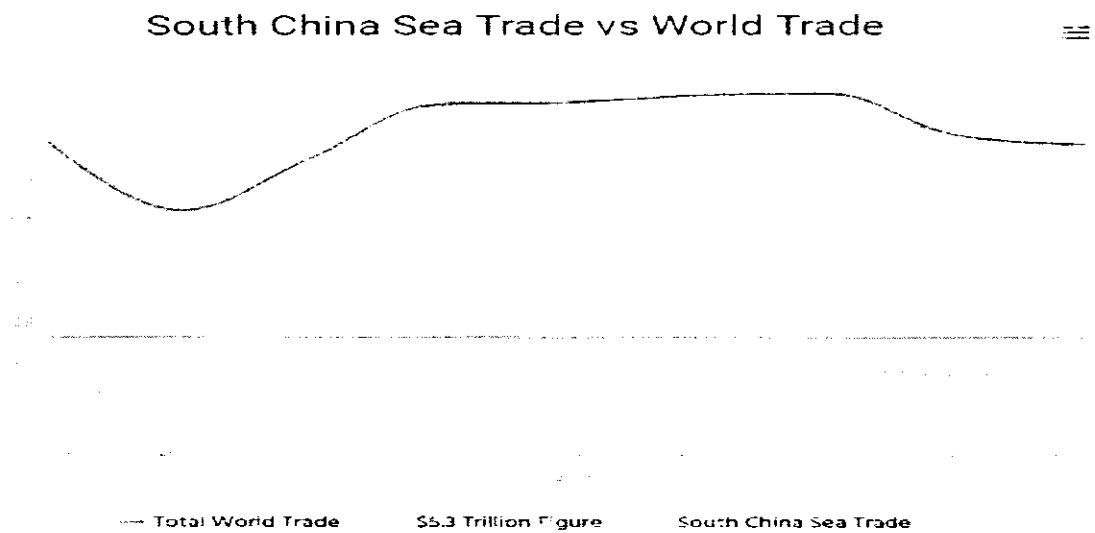


Figure 10: South China Sea Vs World Trade

Source: (CSIS), 2017)

1.2.2.6 Character of the Government

In the sixth element of Mahan's theory, government's over emphasis on the Sea commerce and development of navy are directly proportional to nation's strength and prosperity. If a government is interested in utilizing the Sea and Sea commerce then it takes an advantageous position on a state which only depends on land for its economy and military. History has proved Sea power strategy; a strategy which can bring a state towards a secured position both in terms of trade and defence. As a test case the US is an excellent example for having Atlantic and Pacific oceans as the buffer zones for its defence and beneficial for the communication of trade.

1.3. China Following the Sea Power Model

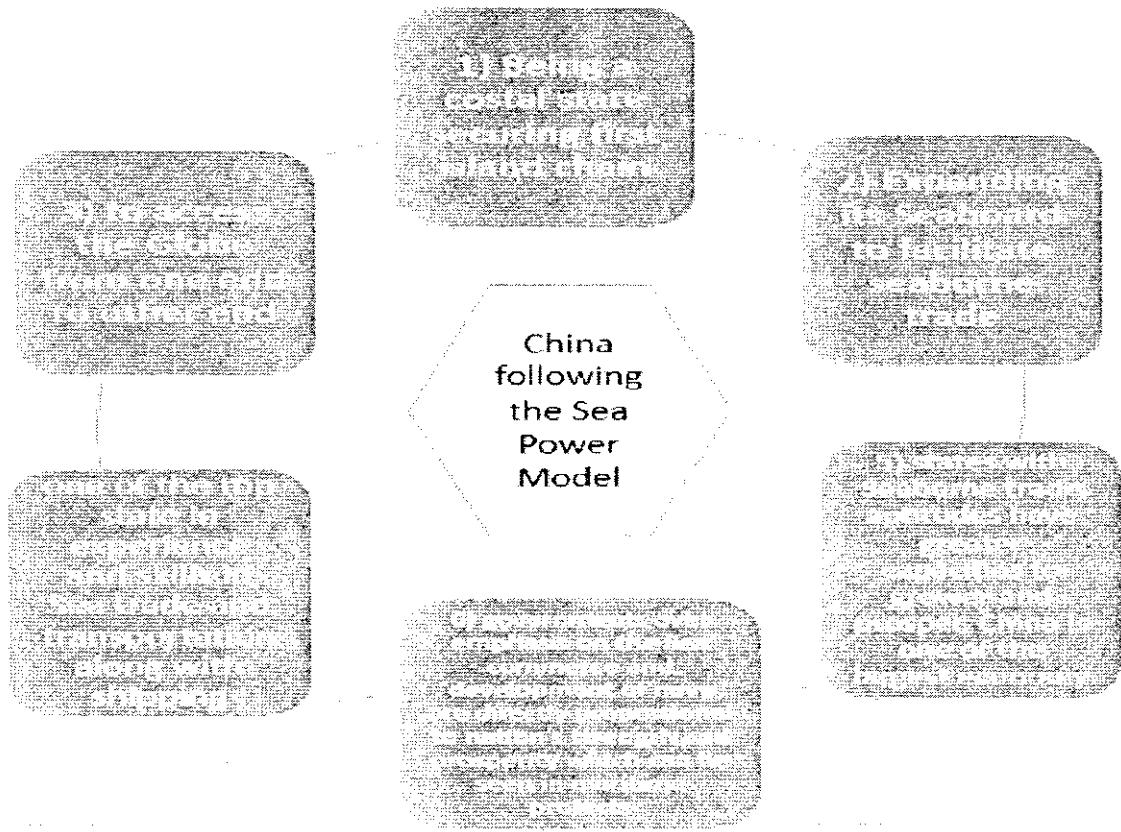


Figure 11: China following the Sea Power Theory

Source: Author's own contribution

Currently, China follows the essence of Mahan's theory of Sea power. China has integrated The Sea Power Theory into its foreign policy to achieve the economic, diplomatic and military goals. Since 2013, China has initiated a policy of Belt & Road Initiative which is the practical step towards the realization of Chinese goals. In general, theories and associated concepts are the products of a specific time period in order to address certain situations, however, on basis of those theories many assumptions can be inferred suggesting guidelines for states relationships.

CHAPTER 2

HISTORICAL BACKGROUND

The theoretical and conceptual underpinnings cannot be functional until the developments of dispute within historical dimensions are analyzed. South China Sea is located in the South East of Asia surrounded by Vietnam and Borneo from the West, Philippines and Indonesia from East and South, and by China from North and North West, Indonesia and North by China. Since the ancient times and for centuries, South China Sea has been the hub of transmission of trade, culture and political power in its neighboring countries from the main centres of power located in China and India. Subsequently, it has been the medium of communication and transportations of trade goods through merchant fleets, ships and vessels. Besides that, it has been the centre of naval fleets moving to Indian oceans and Pacific oceans for political access in South East Asia. South China Sea has always been noteworthy to China, for being an area of influence due to its location.

Currently, it is evolving as an important pillar of China's national interest and national sovereignty which is based on the substantial features of the South China Sea. However, along with China, there are other countries such as Philippine and Vietnam with their strong claims either on the basis of historical influence or on the basis of United Nations' Convention on the Law of Sea.

2.1 South China Sea's Political Geography

The chain of islands stretches from the Strait of Taiwan in the northeast to the Strait of Malacca in the southwest. It includes hundreds of small island chains, islets, atolls, rocks, reefs, cays, and sandbars. Few of these, are at high tide and few are on low tide. Island chains are present of various categories, and are generally grouped into six categories: the Pratas (Dongsha) Spratly (Nansha), Paracel (Xisha), the Macclesfield Bank (Zhongsha), and Scarborough Shoal. Most important are the two chains of the islands are Spratly and Paracels (Hayton, 2014). Upon acknowledging its significance, China has made huge claims on a vast part of South China Sea which almost covers 80 percent area of the Sea. In order to strengthen its claims, China is making various developments on its sea influence. For the same purpose, China is approaching a maritime diplomacy.

The satellite images shown in 2014 spread speculations that China has developed few islands within South China Sea, while few other satellite images were published in 2015 with the predictions about the light houses, development of the artificial island and future military bases with the visible air strips on the disputed islands. Later, satellite images captured in 2016 and 2017 confirmed that China has developed artificial islands for military purposes as air strips were mainly prominent in images which led to the emergence of air bases.

2.2 Construction on Islands

2.2.1 Island Expansion from 2011 to 2015

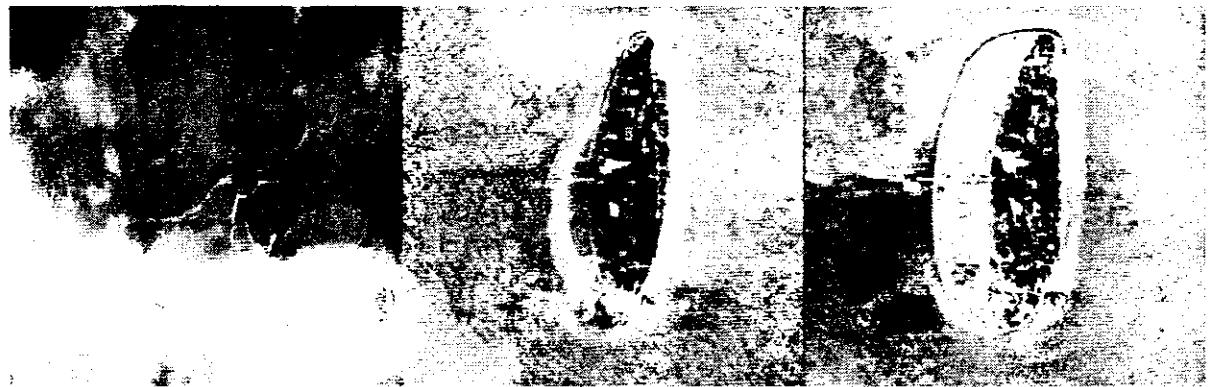


Figure 12: Island Expansion from 2011 to 2015

Source: (Derek, 2015) (Johnson, 2017)

2.2.2 Development in 2016 and 2017



Figure 13: Development in 2016 and 2017

(Derek, 2015), (AMTI, 2017)

China's maritime claims on a vast part of the sea and developments of artificial islands are certainly creating a conflicting situation within the region since the South China Sea is not claimed by China only, rather by five other countries of Southeast Asia which includes Malaysia, Philippine, Vietnam, Brunei and Singapore and Taiwan. Claims made by Singapore, Brunei and Malaysia are minor in nature while the claims by Taiwan are equally important to that of Peoples' Republic of China. Both have commonality in nature of claims as both endorse each other's claim. According to the Republic of China (ROC, Taiwan) in terms of either historical, geographical or international legal perspective, the Nansha (Spratly) Islands, Shisha (Paracel) Islands, Chungsha (Macclesfield) Islands, Tungsha (Paratas) Islands, as well as their surrounding waters, their respective Seabed and subsoil belong to the Republic of China' as 'an inherent part of the territory'. The ROC 'does not recognize any claim to sovereignty over, or occupation of, these areas by other countries' (Position Paper on ROC South China Sea Policy, 2016). However, Philippine and Vietnam are the major claimant of the Sea and particularly the area which is claimed by China in South and South East of China. China claims a largest portion of the sea in the form of 'nine dash line', with 9 dotted lines stretched from South of Hainan island province of China towards Indonesia, Malaysia, Brunei and Philippine. The dotted 'nine dash line' and subsequent developments are attracting the concerns of other regional and global powers including Japan, India and the US.

There is a matter of concern for the eastern and western scholars who question the reason why China is passionate for possessing the largest portion of the sea as well as the reason why it has been developed as a core of China's foreign policy. Primarily, the South China Sea is highly significant for its geostrategic, political and economic value has been under the following topics.

2.3 Economic Significance

Since ancient times, the South China Sea has been the hub of trade with transmission of cultural, geostrategic and political power to attain more access towards the South East Asian states vice versa. In the present times, it has emerged as a maritime zone of great significance, it is noteworthy in many aspects. It has been estimated that approximately more than one quarter of the world trade passes through South China Sea every year. It is considered as the world's second busiest shipping route for the transportation of the economic power houses, and like Taiwan, South Korea, Japan and China, it is recognized for its transportation of raw materials and energy resources including liquid natural gas, oil, mainly the crude oil along with coal and iron from the other parts of Asia and Africa (EIA, 2013).

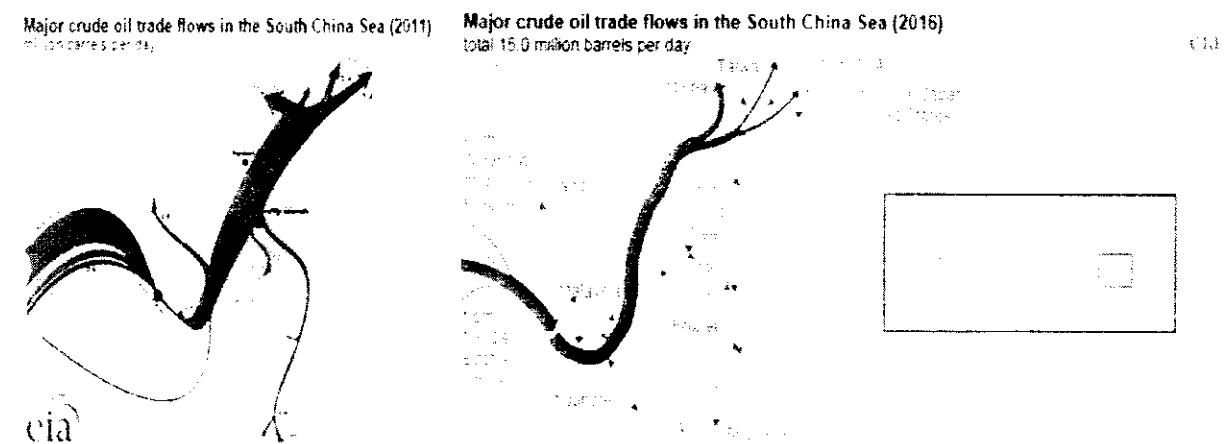


Figure 14: Trade Flow in South China Sea (A)

Source: (EIA, 2013)

It has been estimated that around 60 percent of Taiwanese and Japanese energy resources including the raw materials pass via South China Sea maritime route while the overall percentage estimation of countries that are dependent on the Sea route for their trade ranges

from 80 to 90 percent. The amount of energy resources passing through the South China Sea is three times bigger than the quantity passing via Suez Canal and 15 times via Panama Canal to Taiwan, South Korea and Japan from Persian Gulf (EIA, 2013).

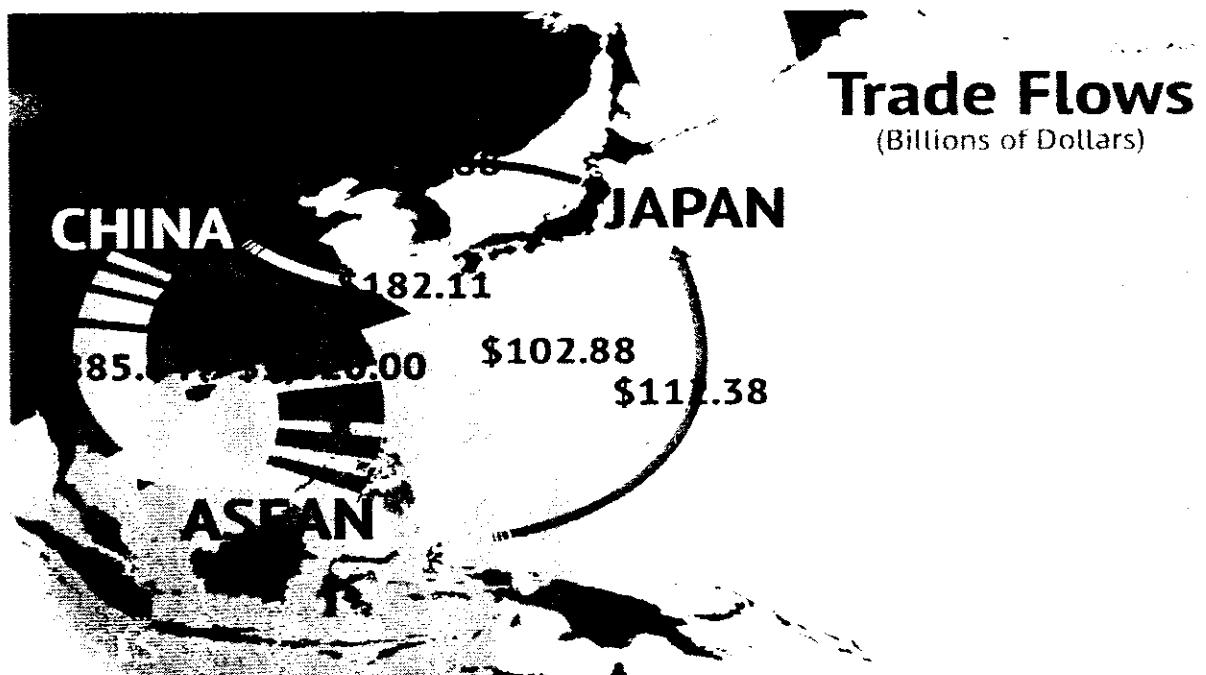


Figure 15: The Trade Flows through South China Sea (B)

Source: CSIS

Trade Flows through South China Sea

According to various analysts and naval experts, the cost of rerouting oil tankers via the Lombok Strait and Luzon Strait in the East of the Philippine would be at \$600 million per annum for Japan, and \$270 million per annum for South Korea (Harris, 2016). Besides that, for Australia and Indonesia which are considered as the world's two largest exporters of coal also utilize the same maritime route for export of coal.

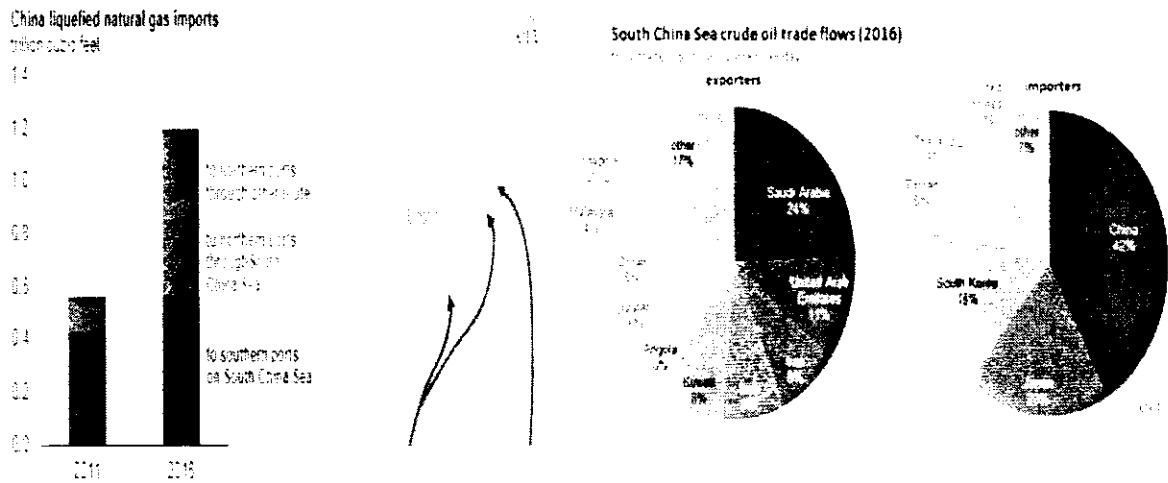


Figure 16: South China Sea Crude Oil Trade Flows (C)

Source: (Justine Barden K. J., 2017)

Additionally, South China maritime route is also used for transportation of manufactured goods to Asia, Africa, Europe and other parts of the world. Indeed, the majority of maritime traffic which travels from East to West or West to East covering the areas of South East Asia, South Asia, West Asia, Middle East, Africa and Europe embraces the South China Sea maritime route. Approximately, goods of \$5 trillion worth are transported by shipping lanes running through the South China Sea every year (Fensom, 2016) (CHINA, 2015). It includes more than half of the world's annual merchant fleet tonnage and a third of all maritime traffic worldwide (CHINA, 2015).

South China Sea is significant for communication of trade particularly of ASEAN states along with other production houses, it is significant as it is vital for top ten exporting nations which covers the two-thirds of the total liner export while 30 percent of the global volume of exports carried out through containers. For the same reasons, this region is highly rich of active activity of ports both in terms of capacity and container traffic. In this regard, Shanghai, China has been ranked as the number one in top fifty global container ports on both traffic and

capacity basis estimated in TEU, while Singapore is ranked number two (Top 50 world container ports , 2017).

2.4 Natural and Energy Resources



Figure 17 : Natural and Energy Resources

Source: (Michael Green, 2017)

The Sea is not only important for its transportation activity but also for its energy resources including oil and gas reserves. The South China Sea has huge deposits of natural resources as well as its enormous potential for oil, gas and other natural resources. The presence of vast deposits of natural resources has compelled various geo-strategists like Kaplan to call it a 'Second Persian Gulf' (Kaplan R. D., 2012). According to Robert Kaplan, South China Sea is as significant and resource rich as Persian Gulf is. Although it is challenging to have an exact assessment of the accurate bulk of natural gas and crude oil reserves however some assessments have been made to figure out the vast reserves of natural resources around continental shelves of the Sea. Almost seven billion barrels oil has been extracted with production capacity of 2.5 million barrels per day.

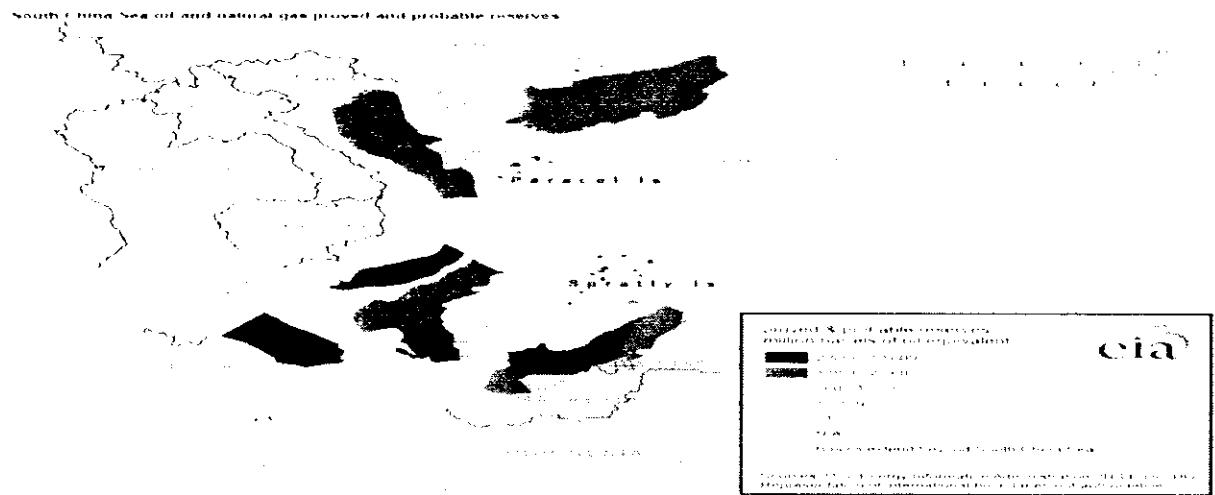


Figure 18: Oil & Gas Reserves in South China Sea

Source: (EIA, 2013)

According to EIA, the Energy Information Administration, South China Sea might have approximately 11 billion barrels of oil and 190 trillion cubic deposits of natural gas in addition to vast deposits of hydrocarbons in untapped areas (EIA, Contested areas of South China Sea likely have few conventional oil and gas resources, 2013). For the exploration of raw materials, various surveys have been made. One of them is made by the USGS (the US geological Survey) during 1993-94 that “total discovered and undiscovered resources in the offshore basins of the South China Sea were about 28 billion in both island chains of Spratly and Paracel” (P.Rowan, 2005, p. 415). During 2010, it was estimated that the potential of crude oil and natural gas along with natural resources is much higher than the estimates made in previous surveys. It was noted that South China Sea could have around 5 to 22 billion barrels of oil and 70 to 290 trillion cubic feet of natural gas with the huge potential of undiscovered rich resources (P.Rowan, 2005).

China is at the top of the list in exploring the resources of South China Sea with a potential of more resources than mentioned earlier. According to CNOOC (The Chinese National Offshore Oil Company) in 2012, South China Sea could have around 125 billion barrels of oil and 500 trillion cubic feet of natural gas as the unexplored resources (Herberg, 2016). Another Chinese survey showed the possibility of oil and gas 105 billion barrels only in the two main island chain , Spratly and Paracel while the entire South China Sea could have an assessment of around 213 billion oil (EIA, Contested areas of South China Sea likely have few conventional oil and gas resources, 2013). There is another estimate, made by Swire Institute of Marine Science and Department of Ecology and Biodiversity for potential of oil and gas which is still untapped.

Table 1. Oil Gas Reserves in South China Sea

Region of South China Sea	Potential Oil and Gas Reserves
Southern China	1500 million barrels
South of Hainan Island	210 million barrels
East of Taiwan	15 million barrels
South Vietnam	144 million barrels
China Shelf	100 million barrels
Burma-Sabah	720 million barrels
Philippines	400 million barrels

Source: (Vagg, 2012)

An important factor is that most hydrocarbon resources explored in Exclusive Economic Zones (EEZ) of Indonesia, Philippines, Vietnam, Thailand and Malaysia did not contain oil but natural gas. Multiple studies have been conducted on the biological resources of South China Sea.

According to the University of British Columbia, South China Sea consists of 3.5 million square kilometers and is included as one of the five main fishing zones of the world. The fishery employed more than 3 million people to provide the vital protein to millions of people across the world (Guoqiang, 2015). Regarding the Sea, an interesting conclusion has been made by the US Air Force Captain Adam Greer that “South China Sea’s politics can be summed up by a ‘3 P’s Rules’ Politics, Petroleum, and Protein” (Southerland, 2014).

A research conducted by the Filipino Department of Environment and Natural Resources showed that ‘South China Sea has the one third of the entire world’s marine biodiversity including chub mackerel, anchovy, shrimps, black scraper and hair tail along with other smaller fishes while ten present of the world’s catch. Approximately 40 percent, of the stocks are collapsed because of overexploitation or due to destructive practices because for fishing thousands of vessels are sent every year by different countries to this region (Vagg, 2012).

2.5 Geostrategic Significance

The South China Sea is a highly valuable area for its geostrategic importance as well. For all the great powers including Japan, China, India and the US, Sea Lanes of Communications (SLOCs) along with maritime choke points are critical for many reasons. For few states, it can only be a matter of navigational freedom while for other states, particularly for the emerging states, it is more than a matter of navigational freedom such as China which is thoroughly dependent on the maritime trade. It is so significant that it is considered as one of the key transportation patterns of the world since the ancient times as is shown in the map below.

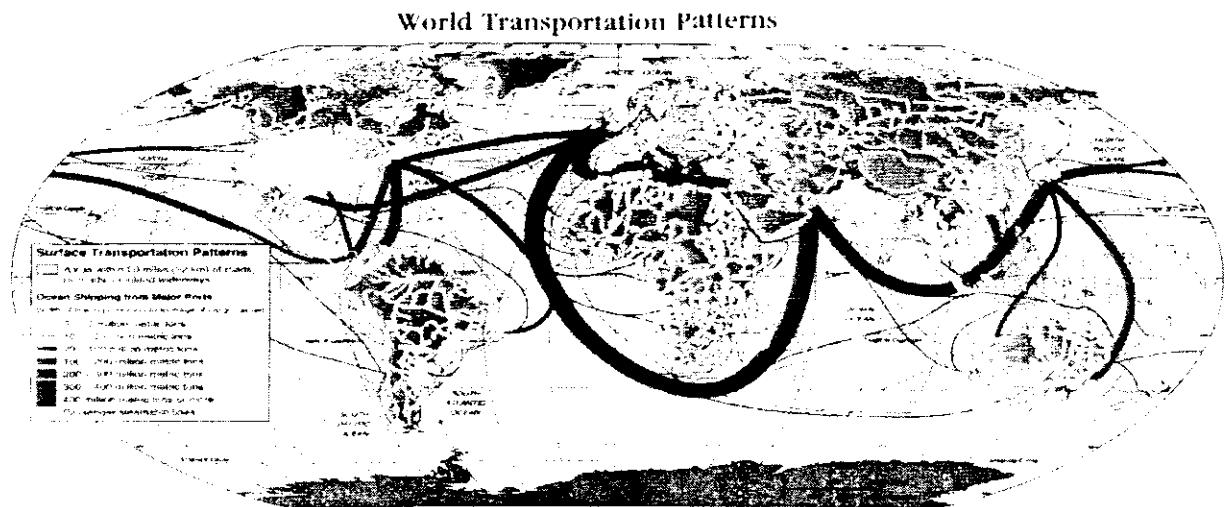


Figure 19: World Transportation Patterns

Source: (Agarwal, 2012)

Within the South China Sea, important maritime chokepoints are Strait of Malacca, Sunda Strait, Lombok-Makassar Strait and Luzon Strait with significance beyond measures, particularly for the Asia Pacific countries (Storey, 2009). From a militarily point of view, South China Sea is also crucial, particularly for those states that want to enrich their military capabilities amid the Indian Ocean and the Western Pacific Ocean as the South China Sea maritime route is the only evident junction point between Pacific and Indian Ocean (Schofield, 2011). The South China Sea has many connecting channels which connect the sea with the Pacific ocean like Taiwan Strait that is located in the North about 230 feet (70 metres) deep and 160(100 miles) km wide while the Luzon Strait being located between Taiwan and Philippine with a depth about 8,500 feet (2,600 metres). There are also other shallow channels located on the East along the Philippine and on the South along Indonesian islands Sumatra and Borneo. One channel which is like a throat is located in the West that is known as Malacca strait which is connected with the Indian Ocean. This strait is the narrowest, which is 31 km (19 miles) wide with a depth of 30 meters (100 feet) (South China Sea and the Gulf of Thailand, 2014). Dispute

the South China Sea has been warned by many analysts including the Robert Kaplan, a geo-strategist that it is “the 21st century’s defining battleground” the “throat of global Sea routes” (Kaplan R. D., 2011).

Because of its relevance for the states located around the sea and for operational military implications. The South China Sea has become a source of conflict among East Asian countries due to the above mentioned factors. Different countries claim different islands of the Sea, but the main conflict is over the Islands of Spratly and Paracel (Cronin, 2013).

2.6 Development of the South China Sea Dispute

For analytical reasons, the development of the South China Sea conflict can be divided into two phases: (i) the passive phase which started from 1945 to 2000 (ii) and the active phase which started from 2009 onwards. Here, the two main disputed islands named Paracels and Spratly are discussed in detail to understand the nature of conflict to get a clear picture of the dispute.

2.6.1 The Paracel Islands (Xisha) or (Hoang Sa)

The Paracel Islands is a chain of islands which is located near the central coast of Vietnam whereas the Southeast of China's Hainan Island is claimed by both the Chinese and Vietnamese governments. Since 1970, both governments have been engaged in various conflicts over the sovereignty of islands. In 1974, China's People's Liberation Army (PLA) expelled Vietnam forces from these islands claiming its integral and historical part which were later officially rejected by the Vietnamese government in 1975.

2.6.2 The Spratly Island (Nansha) or (Truong Sa)

Is located near Southwest edge of the islands chain. This island chain is 2.4 meters high and covers an area of 13 hectares. It is 1.4 km long and 400 meters wide (Prescott, 1995). The Spratly Islands are located in the South China Sea stretching form an asymmetrical ellipse of islands, reefs, rocks, and banks, extending to the South Luconia Shoals with a100 km from Sarawak Malaysia, paralleling to Borneo and Palawan coasts of Indonesian onwards to the Vietnamese coast. Out of 170, approximately 50 can genuinely be called as islands while others are mere rocks, atolls. The Spratly archipelago does not only have its significance with reference to the islands rather there are many other factors to be detected which have been making this chain conflicting (Storey, 2009). Till 1960, this area was regarded as dangerous to sail both for commercial and military purposes. Most of the islands of this archipelago are unhabituated while some others are habitable which include four series of islands;

1. Spratly Island 200 miles in east of Vietnam and currently occupied by Vietnam;
2. Amboina Cay 500 miles in east of Spratly Island and occupied by Vietnam;
3. Itu Aba or Ligaw located 200 miles west of Palawan occupied by Republic of China in the Tizard Bank;
4. Flat, Nanshan, Thitu, the Northeast and Southwest Cay Islands (Katchen, 1977).

The first two series of islands are crucial in the sense that both are made up of depositions from the Mekong and from other great rivers which have been flowing across the area approximately 1000 years ago. Recently, they have come to be known as the South China

Sea and 'The Gulf of Thailand'. Sedimentary depositions are always favourable territory for natural resources, especially for oil which has been discovered off the Mekong, explored by the Vietnam, Brunei and Philippine. Furthermore, other natural resources have also been discovered on the Reed Bank by the Philippines, in an area claimed by the People's Republic of China (Gonzaga, 1976).

East Asian Maritime Claims

East Asian Maritime Claims is a map showing the maritime boundaries of various countries in the region. The map includes labels for China, Taiwan, Vietnam, Thailand, Malaysia, Philippines, Japan, South Korea, and North Korea. The boundaries are represented by lines of different colors and patterns, indicating the type of claim or jurisdiction.

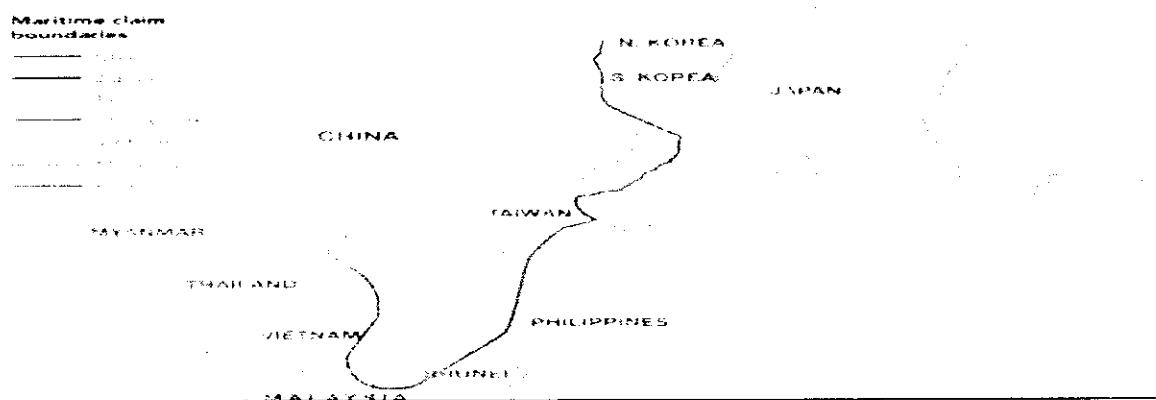


Figure 20: East Asian Maritime Claims

Source: (Cooperation as a Means to All Ends in the South China Sea, 2016)

2.7 Vietnam on Disputed Islands

Vietnam is one of the main claimant of the disputed islands Paracels. Officially, Vietnam started to set forth its claims on various parts of Paracels and Spratly in a white paper published in 1974, by elaborating its significance from its geostrategic and economic point of view. In that white paper, it was announced that the ownership of the island chains as part of Vietnam dated back to the 17th century.

According to Heinzing “Vietnam has maintained an effective occupation of the two archipelagos (Paracels and Spratly) at least since the 17th century when they were not under the sovereignty of any other country and the Vietnamese states exercised effectively, continuously and peacefully its sovereignty over the two archipelagos until the time when they were invaded by the Chinese armed forces” (Harrassowitz, 1976) which affirmed the historical occupation of Paracel islands and same claims have been made by the Ministry of Foreign Affairs of the Vietnam (White Paper, 1974). Besides that, Many Dutch and Portuguese historians have also recognized Paracels as the part of Vietnam. In 1837 a book ‘Note on the Geography of Cochinchina’ was written by a French preacher which described Paracels as the part of Vietnamese territory. In another book published in 1938 on ‘History and Description of the Religion, Customs, and Morals of All Peoples’ declared Paracels as a part of Vietnam Cochinchina for 34 years.

Memoires sur la Cochinchina also mentioned the annexation of the Paracels in 1816 by the Emperor Gia which had been mentioned in these words “Cochinchina, the sovereign of which has today the title of Emperor, is composed of Cochinchina proper, Tonquin, a part of the Kingdom of Cambodia, some uninhabited islands not far from the coast and the Paracels archipelago, composed of uninhabited reefs and rocks. It is only in 1816 that the present Emperor took possession of this archipelago” Likewise in 1922, a letter to the Governor General of Indochina by the Chief Resident of Annam verified the claim that “The Paracel archipelago...seems to have remained res nullius until the beginning of the last century”(18th century) (Pedrozo R. , 2014).

At the same time, the Ministry of Foreign Affairs of the Nguyen rulers was also aware of the economic possibilities in the islands. Thus, peaceful economic exploitation was carried out with the sovereign rights on the Paracels Islands. In this regard, the license was granted to a businessman from Saigon to explore the phosphate, later that license was given to a Vietnamese Fertilizer company to exploit and transport to Singapore in from time period 1959 to 1963 (White Paper, 1974). From 1959 to 1962, over 24,000 metric tons of phosphates were exported from the islands. For decade, exploitation was stopped due to the less return, which was later resumed in 1973 after the fertilizer shortage in Vietnam. In the same year, a joint feasibility study was conducted, with a partnership of Japan and subsequent to it in July 1973, Vietnam granted discounts to foreign companies on the exploitation of phosphate that were seized after the Chinese vessels invaded and occupied the area in 1974.

According Heinzig, both island chains have a distance of 400 km from each other and cannot be dealt as a single unit as claimed by China. Vietnam has claimed for mapping and conducting surveys on both island chains, however, the centre of its activities was Paracels. Vietnam maintained that Spratly islands were administered by French as their protectorate under 1884 treaty (Harrassowitz, 1976) (Park, 1975). Upon consulting various local and western sources, it becomes more lucid to realize that Vietnamese position on island claims is historical in nature embedded in multiple historical evidences.

2.8 Philippine on Disputed Islands

Philippine is also central as it is engaged in conflict with China over the jurisdiction of islands as well as naval drilling, fishing while claiming Islands. The Scarborough Shoal and the

Kalayaan Island Group (KIG) mainly formed the Spratly island chain, which is the main concern of Philippine as it is located 500 miles away from China but 100 miles from Philippine.

Spratly is the particular area which has been the main cause of conflict between the Philippines and China since 1997. Spratly is highly rich in biodiversity including guano, sea turtles, fish and sea cucumbers. The foremost conflict over the island happened in 2012 in the month of April when eight Chinese shipping vessels were reaping the oceanic resources in the Shoal. This activity was confronted by Pilipino warship which led to further emerging contradictions in the region (Glaser, 2012). Prior to analyzing the claims and counter narratives of the states, it is necessary to look into the detailed geographical locations and other features of the island chain.

Philippine has made claims on the above mentioned chains in two different ways: (i) one is on the basis of session to the US, subsequent to the American French War (ii) while the other is based on the ground of territorial waters of the state. To find out the facts regarding the maritime claims, it is necessary to look into the history of modern Philippine to Spanish-American War of 1898 when the US was given the right to control the area including the lands and waters currently known as Philippine which was later verified by 'Treaty of Paris' in December 1898. Under this Treaty, a Box was drawn to encircle the 7,107 islands as a Philippine's archipelago. Later to strengthen the claims, Philippine's senate passed an Act No. 4003 known as 'Fisheries Act' in 1932 which declared Philippine's jurisdiction of all waters in the box as their territorial waters(4003, Act No. Philippine laws, Statues and codes - Chan Robles Virtual Law Library).

In 1933, the US possessed the entire lands of Philippines that were listed under the Treaty of Paris as a protector of Philippines until the time the Philippines legislature could be able for self-rule (Hare-Hawes Cutting Act (1933) Philippine National Territory Document No. 21:1, 1933). In 1946, the independence of Modern Philippine was accepted by the US and it recognized its rights on all territories included in 'Treaty Box'. Thus, the details including into 'Treaty box' went to the land of modern day Philippines without witnessing protests from any other country. However, there was an important factor to notice that neither the Scarborough Shoal nor the other parts of KIG which were claimed by Philippines as not being part of the 'Treaty Box' while all waters in the Box were internal waters (Woolley, 1946). Later in 1955, Philippines notified the United Nations that all waters in 'Treaty Box' were territorial waters:

'All waters around, between and connecting different islands belonging to the Philippine Archipelago, irrespective of their width or dimension, are necessary appurtenances of its land territory, forming an integral part of the national or inland waters, subject to the exclusive sovereignty of the Philippines. All other water areas embraced within the lines described in the Treaty of Paris of 10 December 1898 ... are considered as maritime territorial waters of the Philippines' (Munawwar, 1995, p. 28) (Woolley, 1946).

In 1961, another Act No.3046 was passed by the Philippine government that consisted of 80 straight baselines which were opposite to the limits of archipelago that were mentioned in the 'Paris Treaty Box' of 10 December 1898, despite being considered as excessively high by the US, for taking into account these areas into territorial waters indicated a denial of access to many significant straits like Surigao, Sibutu, Balabac, and Mindor by making it 'internal waters' according to International law. The International Law on the Sea prohibits navigation into

‘internal waters’ of any state until a right of innocent passage is given by the host state. During 2009, a new legislation Republic Act No. 9522 was passed to amend the previous baseline claims and made it similar to the area mentioned in Treaty Box. These adjustments were made to follow the Article 47 of the UNCLOS, which according to that, states baseline might not exceed 100 nm in length (Limits of the Seas, 2014).

2.9 China on Disputed Islands

Regarding the South China Sea, many of the states have made their claims on historical basis including Vietnam as is the case with China. China’s main focus is based on history and discovery along with effective occupation, economic development and international recognition. The nature of historical claims elaborates that areas of the South China Sea claimed by China are historical parts of Chinese old empires especially the part that dates back to the Han dynasty (206 BC – 220 AD).

2.9.1 Historical Claims

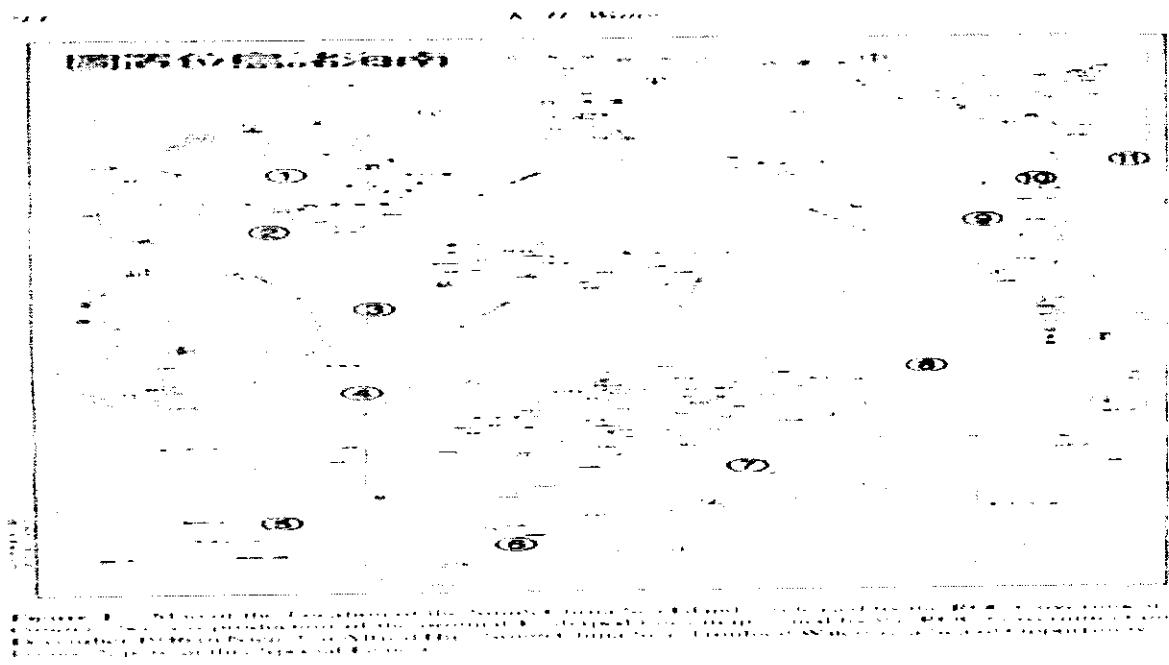


Figure 21: Historical Claims

Source: (P., 2011)

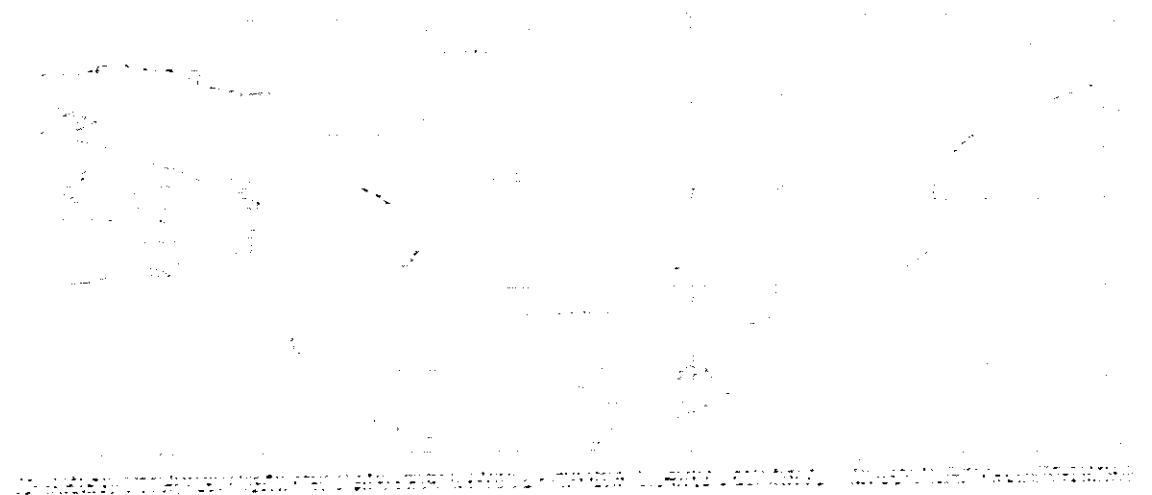


Figure 22: Historical Claims

Source: (P., 2011)

Generally in order to describe the sovereignty of the islands, the Chinese used ancient texts and maps of their ancient past. In this regard, from 220–280 to (265–410) the Han time period, Tang (618–907), Song (960–1279), Yuan (1271–1368), Ming (1368–1644), and Qing (1644–1911) along with thousands of books have been produced to refer to the South China Sea islands as part of Chinese ancient dynasties. According to the Foreign Minister of China, it is evident from all records that China has indisputable claims on the islands of Paracels and Spratly. It is elaborated that during the Tang Dynasty (785–805), South China Sea islands were incorporated in administrative maps by Emperor Zhenyuan. Besides that, the ‘Consolidated Map of Territories and Geography and Capitals of Past Dynasties’ was also published during the Ming Dynasty and the Qing Dynasty. Few of the dynasties such as Song, Yuan, Ming, and Qing are given more significance so as to include the South China Sea in their administrative maps (Mingjiang, 2012).

However, there certainly lies a myriad confusion on the validity of claims as the empires in the old times were based on open-ended, undefended and changing boundaries which were dissimilar to the Nation States concept of modern states. Chinese Empires were not drawn in the form of borders, rather consisted of circles and regions extending from the middle of the Empires to the peripheries of alien barbarians particularly towards South of China including the areas of mainland South East Asia, Myanmar, Thailand, Vietnam and India. China’s claims are mainly based on sovereignty through discovery which was not occupied prior to it or in other words, the occupation of an unoccupied area *terra nullius* that shows its legal presence prior to another. (Position Paper of the Government of the People’s Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines, 2014).

2.9.2 Why China claims for ‘Nine Dash Line’

Sovereignty, territorial demarcations and boundaries are modern notions used to demonstrate the boundaries of certain states while in the ancient time, the empires used to have frontiers, thus in order to defend the empire, it was necessary to defend the frontier. Thus, the frontiers were used to keep the rivals away and it was not necessary to have full control over the frontier unless the rival was at a distance. In the case of China, there were no permanent lines, but zones known as frontiers (Buszynski, 2014).

In this regard, for centuries, China also had different frontiers which were controlled indirectly by the local tribes and acted as buffer zone protecting China from the enemies. It was not compulsory to have relations with the centre alone, rather the frontiers were also allowed to maintain their relations with others. China’s northern frontier with the Mongol tribes was also zoned and not a single line with variation in control subsequent to the level of threat by the enemies. While in case of Ming rule there was a defined boundary which was followed by the Chinese coast where foreign ships and other cargos were checked and a record was maintained as the modern times embassies. In the late 19th century, China started to reorganize its empire system by outlining boundaries and maintaining full control similar to the modern notion of sovereignty. The purpose of this notion was to bring different ethnic groups into the realm of national integration make different frontier zones and borderlands as part of national territory in accordance with the modern notion of state .The process came to be known as the ‘national territorialization’ (Pedrozo, 2014). To fulfil the process, China negotiated with its neighbors to solve the dispute on the boarder matter, however, it did not happen in the case of maritime dispute. The reason of this was based on the distance of oceanic frontier from the centre of

China shared by other maritime states. Upon realizing the significance of the maritime trade, China began to justify the area with the historical claims by converting the historical frontiers into current boarders. The South China Sea is one of those frontiers which was the southern maritime frontier, distant from the center and initially was not a part of the empire respectively. China generally claims these islands on the basis of their discovery, and in this regard, according to many historians, China only has the records of Paracels and not for Spratly (Buszynski, 2014).

Interaction of China with the Southern frontier was mainly weak due to the distance. Mainly two routes were used to connect China with the southern countries, one was the western route from the Vietnam, en-routed to southern China while the other was the eastern route from Philippine and Luzon to Guangdong. These two routes are part of the ancient records. The Mao kun map, which is taken as the ancient map from the 16th century and from Ming' period - currently known as Zhang He's naval map- also documented the western route even while many other ancient maps only mentioned the Paracels and not the Spratly which showed their least interest in these islands. However, within the Mao Kun map, both islands are shown as the part of China. (JIANQIU, 1988)

Later, Chinese interaction and rivalry with the western powers led the Chinese to define their boundaries. For the first time during the 18th and 19th centuries (1762-1802), the British navigated and surveyed the area and in 1905, a map of this archipelago was published with its prominent physical features. In 1843, Richard Spratly, the captain of British Whaler Cyrus visited the area and gave his name to those islands (Buszynski, 2014). During that era, it was only the interest of the navigators to survey and measure the area, thus there was no reason to

control the area. After that, during the Sino-French war (1884-1885) over the Gulf of Tonkin, it worried the Chinese leading to a subsequent dispatch of three vessels under the admiral Wu Ching Young and admiral Li Chun in 1902 by the Guangdong province. They placed Chinese imperial flag and a stone as monument on northern islands (Buszynski, 2014).

During the same time period, appearance of Japanese sailed towards Pratas Islands for explorations of guano deposits which also led to dispatch vessels to the Spratly islands under the same admiral in 1908. In the same year, a map of Pratas and Spratly was issued by the Guangdong province with an announcement to make it a part of Guangdong province with the establishment of special commission for its administration and management although it was delayed due to the collapse of Qing dynasty, yet was assumed in 1921 -1922. Later, for the third time, the vessels were sent by Guangdong province under Shen P'eng-Fei who spent 17 days there and wrote a report on investigation of Paracels Archipelago where he mentioned that 'Paracels archipelago is our nation's southern most interest however our people have paid little attention to it'(Buszynski, 2014). The report also showed that Hainanese fishermen used to visit those islands frequently and later named it as Itu Aba, the largest islands in local dialect.

In 1930, China's interest grew in the face of Japanese and French presence in the islands which led China towards precautionary measures. The Japanese started fishing and France wanted to turn it out so it sent a gunboat named 'Le Malicieuse' in 1930, which had claimed that the Spratly and Paracels belonged to Vietnam while the purpose was to expand its control to those islands.

The governor of Indochina Pierre Pasquier controlled few islands including Itu Aba and Spratly in 1931 and later in 1933. Gradually in 1939, the French initially controlled the nine islands and then occupied the whole archipelago in favour of Vietnam so as to protect it from the Japanese occupations that were seeking expansion to control the area (Kelly, 1999). However, later in 1939, Japan occupied Hainan islands and other few Islands of Spratly and named them Shinan. A submarine base was constructed in Itu Aba to attack the rivals and carry out operations in Philippine and other parts of Indochina. The Japanese occupied almost six islands of Sparatly and Paracels, however, their defeat in the Pacific war led their expulsion from the area in December 1946. Later, two Chinese vessels were sent to the islands to place the Chinese flag, and in April 1949, the Chinese embassy in Manila declared the Itu Aba base as a medium to supply arms to other communists' states (Tonnesson, 2015). During May 1950, the South China Sea was given a status of unresolved dispute behind the Japanese withdrawal from the area for according to article 2(f) of the Treaty subsequent to the Conference, Japan had denounced all the rights, titles and claims to the Paracels and Spratly islands (Pedrozo, 2014).

It was decided to be discussed in the San Francisco Conference in September 1951 along with many other issues left behind by the Japanese. At the same time, China started to claim it as a southern frontier which has been converted as part of its main territory according to the modern notion of state. Ahead from the Conference, the Chinese Foreign Minister Zhou Enlai in June 1951 declared all main five island chains as Chinese territories with an entire Chinese sovereignty over the islands. In this regard, China was obliged to meet the legal criterion over the claims of the whole area as it had never been part of any Chinese dynasty (Scott, 1995).

During the conference, South Vietnam claimed a similar jurisdiction rights over the islands as were made by China while the Soviet delegate gave a proposal to hand over all islands to China which was rejected with a 46 to 3 votes. In the Conference, the American delegate John Foster Dulles neither approved China's claims nor the soviet proposal. Although China as a successor of Japan could have had the right to possess those islands but was rejected due to Vietnam, as the US wanted to hold its control, to counter the communism ideology. Thus, the inability of the conference kept this dispute still unresolved. At the same time, China as major regional power had acquired a status to develop these islands to solidify its claims (Buszynski, 2014).

The Ministry of Foreign Affairs of China has confirmed the claims that for centuries, China has shown its presence over the Spratly islands by conforming it to the legal and historic evidences of sovereignty through official maps, historical official documents and the local archives which are certainly respected and recognized by the international community.

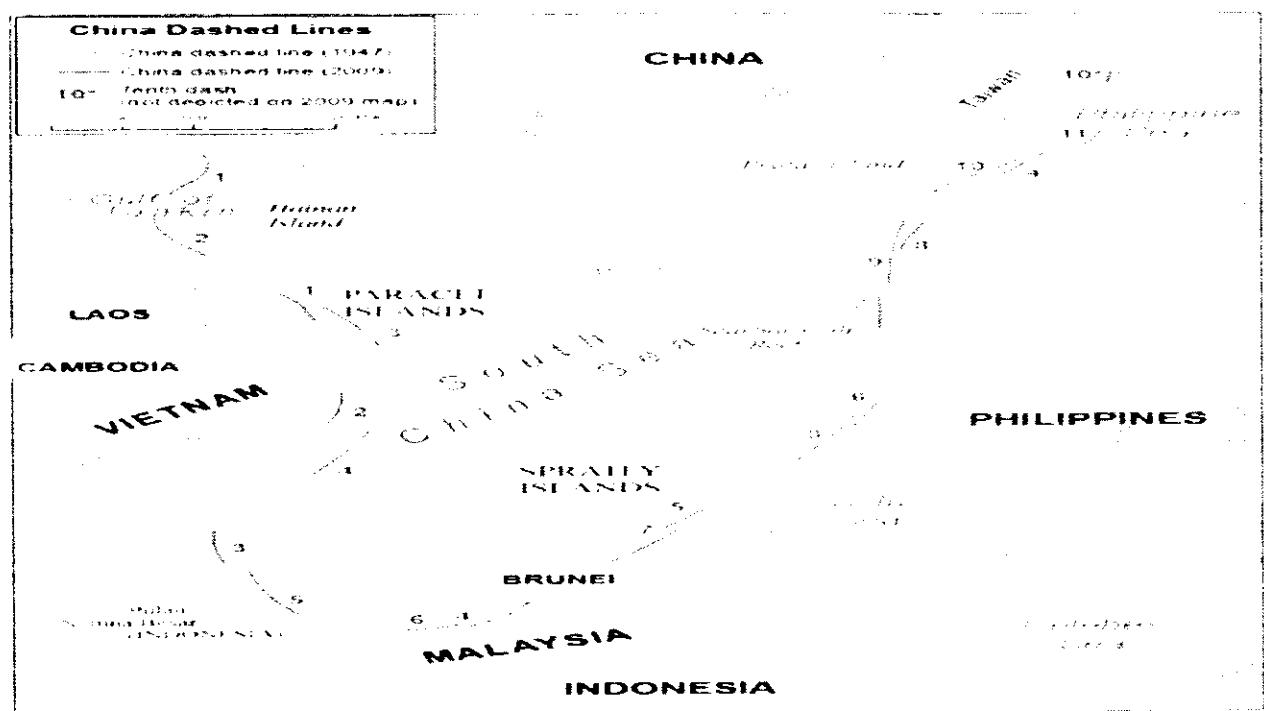


Figure 22: Nine Dash Line

Source: (2014, p. 9)

Besides the maps issued in 1940s in the form of 'Nine Dash line', on 13 April 2012, China issued an official stance on claims of islands which mentioned, according to that during 1935 China had declared its sovereignty over 132 islands and reefs was declared including the Scarborough Shoals and Huangyan Island. Thus, during 1935 Shoals were also made part of Chinese official territory and in 1947, a new name of the 'Democratic Reef' 'was given to those Shoals. On the other hand, during 1983 'China Board on Geographic Names' issued the name of Huangyan Island as the standard name for the island which was obvious in all official maps of China. These islands were initially under the control of Guangdong Province and later under Hainan Province.

According to China, it happened long before the International Law on Sea in 1994 (Some Basic Facts on China's sovereignty over Huangyan Island, 2012). Rendering an account published by The Xinhua news, a survey was conducted in South China Sea and particularly in the Spratly islands by Guo Shoujing in 1279 during the Emperor Kublai Khan's period and shoals was discovered in 1271-1368 during the Yuan Dynasty. The Spratly islands were lately included in the official map of China in 1983 (Some Basic Facts on China's sovereignty over Huangyan Island, 2012). Besides that, numerous surveys were conducted on Xisha and Nansha during various dynasties as part of their territory (Chang, 1991).

In line with the Foreign Ministry of China, Philippines claims over the Huangyan Island as being insignificant because Philippine's modern era territory is subsequent to multiple treaties which include The Treaty of Paris(1898), The Treaty of Washington(1900) and the Treaty with Great Britain (1930) which clearly mention the conflicting areas as not part of Philippine's territory. In this regard, other legal documents (The 1935 Constitution of the Republic of the Philippines, The 1946 Treaty of General Relations between the United States of America and the Republic of the Philippines, The 1952 U.S.-Philippines Mutual Defence Treaty, the 1961 Republic Act No.3046 and the 1968 Republic Act. No. 5446 have also verified the above mentioned three legal 'Treaties' and mentioned the exact territorial limits of Philippine, its baseline points and the baseline of the territorial waters . Official maps of Philippine published in 1981 and 1984 also depicted that Huangyan Island was outside of Philippine until 1997. According to the evidences provided, it can be concluded that the

Huangyan Island has never been part of Philippine, in terms of its historical claims (Some Basic Facts on China's sovereignty over Huangyan Island, 2012).

2.9.3 Current Situation of Claims

Currently, South China Sea is considered as one of most dangerous disputes of the world due to the competing claims over sovereignty and territorial jurisdiction. The southern part of the Sea is covered with islands, cays, reefs extended from Southwest towards Northeast with an area of 900 km giving it an oval shape while normal length from west to East is 360 km.

Due to the growing importance of seaborne trade, South China Sea has emerged as an important sea for the South East Asian maritime and mainland states. Further, the globalization of the world has also revolutionized the seaborne trade, and with the passage of time, a volume of sea trade has grown higher. Asia is placed at a higher position in the seaborne trade. In 2007, Asia accomplished its 40 percent trade while out of the 20 busiest container terminals, 13 are marked in Asia (Storey, Maritime Security in South East Asia : Two Cheers for Regional Cooperation, 2009).

For the same reasons, the Vietnamese economists have estimated that the maritime trade will contribute more than 55 percent of GDP and between 55-60 percent of the total exports by 2020. Veitnam's maritime strategy initiated in 2007 with a list of targets to achieve by engaging different foreign firms although it was not made public. The Chinese officials received a copy of it and began to pressurize the foreign firms which were likely involved in the development sector that their projects and contracts would suffer if they continued working in the maritime sector of Vietnam. For example, the British Petroleum suspended its investment of U\$\$ 2 billion to develop energy resources in the Nam Con Son basin which similarly happened with

the Exxon Mobile that was forced to proceed with agreements in the resource energy sector (Thayer C. A., 2010).

From the above discussion it is evident that the nature of Vietnamese and China is historical while Philippine's claims are based on two factors: one is the session to the US while other is on basis of International Law. The reality of the claims is too complex to understand due to the primary involvement of maritime states, however, claims can be understood through two paradigms: first can be taken from the early 20th century to the end of World War II. Because it covers the period of occupation or reoccupation of the regional states, by the great powers like the French, Portuguese and the British before the World War II while other is, the Japanese occupation during the World War II to the subsequent settlement. Due to the war time period, upon Japan's occupation of the islands, China and France made an exchange of notes according to which France would be allowed two station in Indochina and towards its north which included the both areas of Paracels and Spratly till the month of March, 1946.

After the end of war, the French tried to reoccupy the islands in 1946, however, the French Vietminh war did not allow, and subsequent to it the French forces were forced to withdraw from Paracels in September 1946 (Pedrozo, 2014). While during the next period after the World War II and throughout 1950s and 1960s, particularly in the mid of 1950s, Vietnam took control of the Western part of the Paracels after the withdrawal of France. At a similar time period, China took the control of eastern part of the Paracels islands. There exists a trace of the third time period from 1970s to 1990s onwards. During that time, China possessed the control of the Western part of Paracels Islands in 1974 which were already under the control of the

Republic of Vietnam. During 1976, South and North Vietnam became unified. However in 1988, China took a full control of the Spratly Islands (Nguyen, 2012).

Chinese claims are mostly based on historical accounts and evidences from various sources that date back to the ancient dynasties, however, an in-depth analysis has given an actual picture of those sources. Through an in-depth analysis, it has become vividly accurate that the evidences presented by the Chinese are nautical books, geographical notes, and travel accounts, monographs, mostly written by private navigators, travelers and ambassadors outside the country to the official documents and maps or references to show the procession in the ancient times and part of ancient dynasties.

There are controversies within the historical evidences that different names were used such as Wanlichengsha, Qizhousan, Wanlizhitang and Qizhouyang which are difficult to interpret or define the exact location of the islands and the features of the islands while names such as Xisha or Nansha were never used in the chronicle of history before the twentieth century. The name Nansha was given to Macclesfield Bank and used to describe the Spratly islands since 1945 (White Paper on the Hoang Sa (Paracel) and Truong Sa (Spratly) Islands, 1975). Further historical accounts of management cited in chronicles also deal with the management of the areas surrounding the Hainan provinces. According to these historical evidences, the boarders of Chinese empires were in the form of frontiers and zones and most of them were limited to Hainan province.

Here two assumptions can be made, that if the Chinese stick to their claims of open frontiers then these islands can be included in China's jurisdiction, while on the other hand, if

China's jurisdiction was till the Hainan provinces then these islands do not fall under China's jurisdiction. Further, the whole time period mentioned for the procession of the islands has no accounts for persistent and peaceful occupation of the islands. Meanwhile the presence and settlement by the private fishermen is not part of the official claims for sovereignty.

While Vietnam has official record in the form of royal orders by kings along with comments, monographs, letter, family annals and dozens of solo notes which are currently in the procession of the 'Sino-Vietnamese Language Institute' in Hanoi. At the same time, names mentioned such as Hoang Sa which means The Golden Sand (Paracels) in English, and Truong Sa which means The Great Long Sand (Spratly) (The Indisputable Sovereignty of Viet Nam over the Paracel Island, 2011) were in use since the ancient times. During the Nguyen Dynasty and even prior to that, these words were used by various Western scholars in their memoirs.

Moreover, according to Vietnam, the management by the Vietnamese authorities is persistent and continuous in terms of the exploitation of natural resources as well as in terms of the geographical surveys along with other administrative activities such as the assistance to foreign vessels, collection of tax revenues and constructions of buildings and painting of trees (The Indisputable Sovereignty of Viet Nam over the Paracel Island, 2011) .

While in the case of Spratly, it was considered as the *res nullius* by France which led France to occupy it in 1930 and later in 1933. It was then proclaimed to the entire world under the decree on July 26, 1933 by the government of France. Later, the Governor of Cochinchina, in December 1933, signed a decree 4762- CP to make it a part of Ba Ria province which met a subsequent protest from Tokyo while China showed no concern towards these decrees and

proclamation. In March 1949 under the Treaty of Ha Long Bay, France transferred the rights of sovereignty of Cochinchina and Spratly to the Bao Dai Administration (Pedrozo, 2014). Same rights of transfer of sovereignty were supported by the San Francisco ‘Peace Treaty’ of 1951 and later by the Cairo Declaration of 1943 and Post dam declaration.

According to the Cairo Declaration of 1943, Japan had to surrender all the three types of territories, ‘territories taken by force as well as the Pacific islands, and the Chinese territories (Pescadores, Formosa and Manchuria)’ (The Cairo Declaration, November 26, 1943, 1961). Thus even at that time, the islands of Paracels and Spratly were not included in China’s territory especially with the evident attitude of China that remained silent about it, making it a proof in favour of Vietnam and Philippines (The Cairo Declaration, November 26, 1943, 1961).

According to The International Court of Justice (ICJ) “waters which are treated as internal waters but which would not have that character were it not for the existence of an historic title” (El Salvador/Honduras: Nicaragua intervening) Judgment, 1992). Bouchez, an expert on International Law defines ‘historic waters as waters over which the coastal State, contrary to the generally applicable rules of international law, clearly, effectively, continuously, and over a substantial period of time, exercises sovereign rights with the acquiescence of the community of States’ (Bouchez, 1964).

Thus, it can be said that a claimant state must have an evidence of a long stay with the intention to claim the occupation in a peaceful and persistent manner. A state must prove that “she has exercised the necessary jurisdiction over them for a long period without opposition from other States, a kind of *possessio longi temporis*, with the result that her jurisdiction over

these waters must now be recognized although it constitutes a derogation from the rules in force" (El Salvador/Honduras: Nicaragua intervening) Judgment, 1992).

During the Conferences on the Law of the Sea in 1958 and 1960, Philippines gave a proposal of archipelago theory to give a right to outlying or mid-ocean archipelagos just like Philippines so as to draw baselines from the outermost points of archipelago and to determine the belt of peripheral seas outside of such baselines. This theory was not approved by the conference and as a protest, Philippines refused to sign the four Geneva Conventions of 1958 (R., 2004). This was the time when there was no uniform law on breadth of territorial sea (Churchill R. R., 1999). The agenda was presented throughout in all the conferences but was rejected on the basis of consensus of parties and refusal of the US. Meanwhile, France continued its rule till the end of World War II and the independence of Vietnam. During its rule, France conducted many surveys and research studies for various reasons including a check on the feasibility to construct the lighthouse on Paracel islands (D., 1983). Further many arrangements to secure the trade routes were also made by the French rulers including the patrolling of warship, French activities covering divergent areas continued persistently till 1920s and 1930s. During 1930, Chinese started to intervene in the Paracels islands as the successors of Annam dynasty and intended to invite bidding for foreign companies to exploit the phosphate which was protested by France. In this regard, a diplomatic protest was made on 4 December, 1931. Later in 1932, France protested on the invitation for bidding and called to take the case to an international tribunal which was rejected by China. Even in 1937, efforts were made by French to dissolve the issue with China however remained unsuccessful. During the coming years, France made

many constructions over there which allowed allocate station to the Vietnamese forces, which remained there till 1956.

Similarly was the case with China which apprehended the Paracel Islands in 1974 from Vietnam, in order to solidify its claim, and during that clash more than 70 Vietnamese troops were killed. Again during 1988, over the clash on Spratly, around 60 sailors were killed along with 70 Vietnamese troops. It continued till 2012 when China clashed over the violation of maritime boundary in the Scarborough Shoal with Philippine. It led to a chaos in the whole region by making it more vulnerable. In the same year, a clash took place amongst Vietnam, Philippine and China over the development of administrative body 'Shansa city' by China within its command centre in Paracels (Pham, 2011).

According to different analysts, China started its navigation journey towards the Indian Ocean and Africa during the time period of Zheng in the early fifteen century. In this regard, Philip Bowring points out that "Chinese were actually latecomers to navigation beyond coastal waters. For centuries, the masters of the oceans were the Malayo-Polynesian peoples who colonized much of the world, from Tai- wan to New Zealand and Hawaii to the south and east, and to Madagascar in the west" (Malik, Cited in Historical Fiction: China's South China Sea Claims, 2013). Bronze vessels were being traded with Palawan in south of Scarborough at the time of Confucius. When Chinese Buddhist pilgrims like Faxian went to Sri Lanka and India in the fifth century, they went in ships owned and operated by Malay peoples. The ships Philippines traded with Funan, a state which is currently known as Southern Vietnam-a thousand years before the Yuan dynasty.

Claims made by China are unacceptable by the neighbouring South East Asian states and other claimants since these claims with historical significance are the imposition of racial superiority of the Han Dynasty on the neighbouring Asian races and Empires. According to the Philippines Law School “Intuitively, acceptance of the nine-dash line is a corresponding denial of the very identity and history of the ancestors of the Vietnamese, Filipinos, and Malays; it is practically a modern revival of China’s denigration of non-Chinese as ‘barbarians’ not entitled to equal respect and dignity as peoples (Evans, 2016).” These cases cannot be applied to prove the validity of the claims due to the loss of boarders and frontiers of the ancient empires. China has taken its position on ‘nine das line after its independence or prior to its dependence as a People’s Republic of China while negotiating its boarders with the neighboring states (Malik, Cited in Historical Fiction: China’s South China Sea Claims, 2013).

According to multiple analysts, China’s claims are not centuries old, rather date back to 1947 when “Chiang Kai-shek’s nationalist government outlined “eleven-dash line”. After the victory of the communist party in civil war of 1949, China outlined its “nine-dash line” after the erasure of two dashes in the Gulf of Tonkin in 1953. After the Second war, China is in continuous status of not only redefining, restructuring and reframing their claims but also solidifying them by the use of force. The Domestic Legislation in 1990 “Law on the Territorial Waters and Their Contiguous Areas” (Dossani, 2016) declared South China Sea as an integral part of China which led to armed conflicts with Philippine and Vietnam. Chinese activities since 2009 to 2015 remained very critical in South China Sea.

At few points, China’s claims that its boundaries were not drawn, rather were in the form of zones and frontiers while at the same time, claims its maritime boundaries as defined

and outlined in the shape of ‘U-shape’ for centuries. Existing authorities also describe the existence of ancient graves and artifacts as an evidence of Chinese presence on these islands. But these evidences are not considered as significant proofs as the Chinese material and other goods were accessible via trade in other areas across the world (Dzurek, 1996).

China has felt the need of these islands in geostrategic, economic and political terms and for the same reasons, it has various justification in the favour of ‘nine das line’ either historical or legal. Similar is the case noticed by Philip Bowring and quoted by Mohan Malik that “The fact that China has a long record of written history does not invalidate other nations” (Malik, Historical Fiction: China's South China Sea Claims, 2013). Since these historical claims would equally be valid for other countries such as India to claim for its neighbouring territories like Sri Lanka, Afghanistan, Burma, Malaysia and Pakistan as part of the Indian ancient empires of Chola, Mughals and Maurya. During September 2012 Yang Jiechi, China's foreign minister briefed the US Secretary of State Hillary Clinton that China has “plenty of historical and jurisprudence evidence to show that China has sovereignty over the islands in the South China Sea and the adjacent waters” (Remarks With Chinese Foreign Minister Yang Jiechi, 2012).

In order to challenge China, in 2013, Philippines decided to take the case to the International Court of Arbitration established under UNCLOS. The South China Sea dispute has become more complex since 2009, however by 2014 it intensified the tensions because of Chinese constructions over the Sea which has been grown with the passage of the time throughout 2016 and 2017 making the ASEAN states more concerned (Page, 2015).

CHAPTER 3

THE SOUTH CHINA SEA DISPUTE: A LEGAL PERSPECTIVE

Along with an analysis of the current situation, development and nature of claims on historical basis, there is a need to identify the case from a legal perspective. Since the conflicting hurdles sprouting from land possession claims and political ownership do not fulfill the legal criterion. In this regard, the United Nations' 3rd Convention on Law of Sea is significant in providing the legal basis on maritime disputes. The UNCLOS have ordained few principles to testify the truth of claims and the consequent resolution of the issue.

3.1 Maritime Issues in Legal Framework

According to the legal perspective, the sovereignty of a state on an island can be identified if the occupation and administration are continuous for a long period of time and a peaceful one. This principle of maritime sovereignty was put forward in 'Palmas Case', in April 4, 1928 by Permanent Court of Arbitration (PCA) which gave decision on a case, based on islands initially discovered by Spain, however, later was occupied by Netherlands. The US claimed its sovereignty on the basis of its discovery as Spain's successor in Philippine which was rejected by the arbitrator Max Huber. The claim on the basis of right of discovery was considered incomplete without the right of peaceful and consistent state sovereignty on those islands. Thus, Max Huber decided the case in the favour of Netherland for its peaceful and continuous occupation of the islands (reports of international arbitral awards recueil des sentences arbitrales islands of palm case 1928 , 2006).

The same principle of continuous peaceful occupation and state authority were used in decision of El Salvador/Honduras by the International Court of Justice in 1992 (Shaw, 1993). In the scenario of Eretria/Yemen case in 1998, a similar principle was adopted to decide the dispute. In 2002, the same principle of occupation and administration was followed by the International Court of Justice (ICJ) in the decision of dispute between Malaysia and Indonesia. In this case, many steps taken by Malaysia in favour of Oceanic life were taken as administrative steps, thus the case was decided in Malaysia's favour (reports of international arbitral awards recueil des sentences arbitrales islands of palm case 1928 , 2006).

Beside the principles of peaceful and continuous occupation, another important principle was ordained by the United Nations (UN) Convention in 1982 that was about the 200 nautical mile (nm) Exclusive Economic Zone (EEZ) as is mentioned in the Article 76 (part VI) (United Nations Convention on the Law of the Sea (UNCLOS) 1982, 1994). In addition to it, the United Nations Convention on Law of Sea (UNCLOS) does not support the claims which go beyond EEZs or declared Continental Shelves mentioned in International Law. The area which is claimed by China is beyond the EEZ of China and goes towards the EEZ of other claimant states of South East Asia. (Buszynski, The South China Sea: Oil, Maritime Claims, and U.S.China Strategic Rivalry, 2012). Although the International Law accepts the historical rights but not the "historic bays" which are mentioned in Article 10(6) (United Nations Convention on the Law of the Sea (UNCLOS) 1982, 1994). According to the UNCLOS, the historical basis of claims has to meet these three criteria: 1) demonstrated authority, 2) continuity of exercising the authority, 3) recognition of authority by the other states. The UNCLOS demonstrated the demands made by the developing countries which proposed for 10 nm from baseline that was later extended from 10 nm to 80 nm, during informal consultations made in The Law of the Sea Conference. Up to

now, it has been extended to 125 nm from baselines. The original draft did not allow the use of low tide elevations for lighthouse purposes to show the enclosing points of an archipelago while according to Article 118 in the Law of the Sea Conferences of informal negotiations, it is allowed. (Diplomatic conferences, 1958).

The Law of the Sea Conference provided the passage in the form of port facility to the foreign ships in section 3, which included the right to stop and anchoring the overseas ships. Innocent passage is innocent as long as it does not create any threat to security of the host state maritime. Further, in order to maintain the security, innocent passages provide the right to the host maritime states to halt the maritime traffic of foreign ships. However, Straits are exempted from it to ensure the freedom of navigation. For the same reasons, it would be considered illegal to halt the navigation in Malacca Strait while in case of Spratly Islands it will be legal (Diplomatic conferences, 1958).

3.2 China and the Law of the Sea

The UNCLOS with its particular on straits and 200 nm EEZ were extensively accepted by the developing states except the few states like Brazil, Peru and Ecuador who supported China in opposing it. Earlier, China did not stretch its territorial sea to 200 nm. Prior to that, China wrote a letter to the Delegation of the Japan-China Fishery Council in 1963 which announced that beyond the 12 twelve mile territorial limit, China had two security zones where China had authority to halt and ban the foreign ships or where a permission would be required or advised to avoid. According to those economic zones, one would be prohibited for all type of

navigation while other zone would be prohibited, without prior consent of the Chinese government (Chiu, 1963).

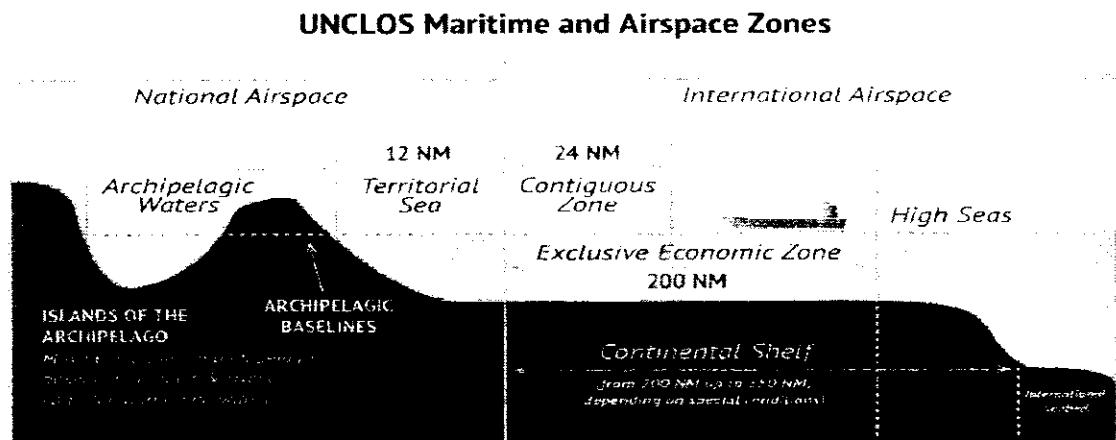
Besides the above mentioned zones, another zone has also been established which is known as the South Zone of 27 degree in East of Mainland to halt the Japanese fishing boats in the military operations area. Few other things were also made clear that a state is sovereign over its waters so the right to allow or prohibit someone to give the innocent passage depends on the state. Same is the case with straits in dealing with foreign ships. A similar stance was adopted by insisting on states to determine their own sea boundary during the Third Law of the Sea Conference in 1973.

If China adopts the position to have 200 miles as a territorial sea, it would create a conflicting situation among the neighbouring maritime countries around the South East Asia and East Asia. It led to the debate on whether China should adopt 200 miles for territorial Sea or for the exclusive economic zone (EEZ) (Katchen, 1977). Although the notion of state sovereignty dates back to the Treaty of Westphalia in the 17th and 18th century while the notion of maritime sovereignty is a very recent one which developed during 1945. During that time, the US demanded sovereignty for control on its territorial waters. In order to deal with the issue of sovereignty, the UN law on Sea agreements described the conditions for maritime sovereignty which were similar however the claims founded on historical basis were rejected. In this regard, there is a significant point to note that China claims almost 80 % of the Sea as its 'historic' waters.

It has been a tradition since the ancient times that powerful states control, annex and assimilate other territories through aggression or physical force. Thus, the expansion and contraction of the states and empires has been a custom. Same occurred in the case of China, during the Qin, Han, Tang, Song, and Ming dynasties , China saw its rise and fall and practiced its expansionist polices in Inner Asia and Indochina region. The gradual expansion of China which took place during the non-Chinese Manchu and Mongols towards Xingjian, Tibet, Taiwan and Southeast Asia were the empire states practicing the rhetoric of modern nation-state (Malik, 2013).

Turning back to history on the nature of modern state formation as well as the historical claims of China, then it can be analysed that other main claimant states also have their own claims on a similar historical basis. On the basis of historical evidence, the Malay people who belong to the currently known Philippine may also claim for Taiwan more strongly than China as Taiwan was settled by the people of Malay-Polynesian origin. Also, the claims in South China Sea are similar to the Mexican claims in the Gulf of Mexico, Iran's on the Persian Gulf, and India on the Indian Ocean (Malik, 2013).

3.3 UNCLOS: Specific Articles and their Application on South China Sea



Source: Batongbacal and Baylern (2013).

Figure 23: UNCLOS Maritime and Aerospace Zone

Source: (MIRASOLA, 2015)

According to United Nation Convention on the Law of Sea (UNCLOS), there are different specifications for countries on their maritime jurisdictions based on different fulfilling criteria. In case of the coastal states, three aspects are very significant regarding the physical features in UNCLOS, in outlining the maritime claims, Island is “A landmass permanently above water that can sustain human habitation or economic life on its own. It is entitled to a territorial sea, contiguous zone, EEZ or continental shelf Rights”. According to the UNCLOS part VIII, Article121, ‘an Island is a naturally formed area of land, surrounded by water, which is above water at high tide’. ‘The territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf of an island are determined in accordance with the provisions of this Convention applicable to other land territory’ (United Nations Convention on the Law of the Sea (UNCLOS) 1982, 1994).

Reefs: “A landmass permanently above water but unable to sustain human habitation or economic life on its own. It is entitled to a territorial sea and contiguous zone, but not an exclusive economic zone (EEZ) or continental shelf rights”. According to the UNCLOS, the rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf.

Low tide: “A landmass above water only at low tide. Outside an existing territorial sea it is not entitled to a separate maritime zone” (United Nations Convention on the Law of the Sea (UNCLOS) 1982, 1994). For further clarification here are the specific articles of UNCLOS which deal with these maritime issues.

Article 121: Regime of islands

1. “An island is a naturally formed area of land, surrounded by water, which is above water at high tide”.
2. “Except as provided for in paragraph 3, the territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf of an island are determined in accordance with the provisions of this Convention applicable to other land territory”.
3. “Rocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf”.

Article 3: Breadth of the territorial sea, “Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with this Convention”.

Article 6: Reefs, “In the case of islands situated on atolls or of islands having fringing reefs, the baseline for measuring the breadth of the territorial sea is the seaward low-water line of the reef, as shown by the appropriate symbol on charts officially recognized by the coastal State”.

Article 13: Low-tide elevations,

1. “A low-tide elevation is a naturally formed area of land which is surrounded by and above water at low tide but submerged at high tide. Where a low-tide elevation is situated wholly or partly at a distance not exceeding the breadth of the territorial sea from the mainland or an island, the low-water line on that elevation may be used as the baseline for measuring the breadth of the territorial sea”.
2. “Where a low-tide elevation is wholly situated at a distance exceeding the breadth of the territorial sea from the mainland or an island, it has no territorial sea of its own”.

Article 33: Contiguous zone,

1. “In a zone contiguous to its territorial sea, described as the contiguous zone, the coastal State may exercise the control necessary to:
 - a. “Prevent infringement of its customs, fiscal, immigration or sanitary laws and regulations within its territory or territorial sea;
 - b. Punish infringement of the above laws and regulations committed within its territory or territorial sea”.
2. “The contiguous zone may not extend beyond 24 nautical miles from the baselines from which the breadth of the territorial sea is measured”.

Article 76 Definition of the Continental Shelf “The continental shelf of a coastal State comprises the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend up to that distance”.

Article 55: Specific legal regime of the exclusive economic zone, “The exclusive economic zone is an area beyond and adjacent to the territorial sea, subject to the specific legal regime established in this Part, under which the rights and jurisdiction of the coastal State and the rights and freedoms of other States are governed by the relevant provisions of this Convention”.

Article 56: Rights, jurisdiction and duties of the coastal State in the exclusive economic zone, In the exclusive economic zone, the coastal State has: (a) “sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds; (b) Jurisdiction as provided for in the relevant provisions of this Convention with regard to:

- i. The establishment and use of artificial islands, installations and structures;
- ii. Marine scientific research;

iii. The protection and preservation of the marine environment; (c) Other rights and duties provided for in this Convention.

In exercising its rights and performing its duties under this Convention in the exclusive economic zone EEZ, the coastal State shall have due regard to the rights and duties of other States and shall act in a manner compatible with the provisions of this Convention. The rights set out in this article with respect to the seabed and subsoil shall be exercised in accordance with Part VI" (United Nations Convention on the Law of the Sea (UNCLOS) 1982, 1994).

Since 1970s, China has controlled the northern part of these islands by expelling Vietnamese forces from the area while during 1980s and 1990s, China controlled the seven reefs out of 200 while in 2012, and it took the control of Scarborough Shoal.

Table 2 . The Status of Islands

STATUS OF VARIOUS ISLANDS AND REEFS

Sn	Name of feature	Country	Status
1	Johnson South Reef	China	Block, Tract, Uninhabited island, uninhabited, unclaimed and unclaimed features
2	Subi Reef	China	Block, Tract, uninhabited and unclaimed features
3	Huangyan Reef	China	Block, Tract, uninhabited and unclaimed features
4	Fishy Crest Shoal	China	Block, Tract, uninhabited and unclaimed features
5	Cuarteron Reef	China	Block, Tract, uninhabited and unclaimed features
6	Hoang Sa	China	Block, Tract, uninhabited and unclaimed features
7	Paracel Islands	China	Block, Tract, uninhabited and unclaimed features
8	Paracel Islands	Philippines	Uninhabited by inhabitants and unclaimed features
9	Scarborough Shoal	Philippines	Uninhabited by inhabitants and unclaimed features
10	Subi Islands	Philippines	Uninhabited by inhabitants and unclaimed features
11	Paracel Islands	Philippines	Uninhabited by inhabitants and unclaimed features
12	Hoang Sa	Philippines	Uninhabited by inhabitants and unclaimed features
13	Scarborough Shoal	Philippines	Uninhabited by inhabitants and unclaimed features

Source: UN/FAO, Asian Regional

Source: (Manoj, 2016)

The sovereignty over waters is a complex matter which in this regard, two aspects are important to highlight: the first one is based on the features through which sovereignty can be established, while the second is based on the features which give a state the status of a coastal state. In determining the sovereignty of a coastal state (PART V Exclusive Economic Zone), the breadth of the territorial sea in the low water line along the coast is considered as a normal baseline.

Low tide lines are also known as the dry rocks or dry shoals, which cannot be considered as islands. Islands are considered the high tide elevation, which are the 'naturally formed area of land'. Within the jurisdiction of Exclusive economic Zones and territorial waters artificial islands can be made for security reasons however they would not be taken as the islands (PART V Exclusive Economic Zone). Within internal waters, a coastal state has jurisdiction to carry out any activity of installation, construction, or any other infrastructure without interruption while if a foreign state aims to install some pipeline or cable ,it is necessary to attain permission from the coastal /host state. While the host state is granted exclusive jurisdiction in the Exclusive Economic Zones along with the safety of artificial islands and installations within EEZ, however, these safety zones cannot exceed the limit of 500 meters.

According to UNCLOS, states could have 12 nautical miles out to sea as territorial zone, and a further 12 nautical miles as a contiguous zone. Thus states could have a total area of 200 nautical miles as Exclusive Economic Zone. States can extend their jurisdiction to 350 nautical miles in case of the continental shelf. In case of islands, coastal states would have a territorial sea and Exclusive Economic Zone while in case of rocks, no Exclusive Economic Zone would be allowed but only the territorial sea (PART V Exclusive Economic Zone).

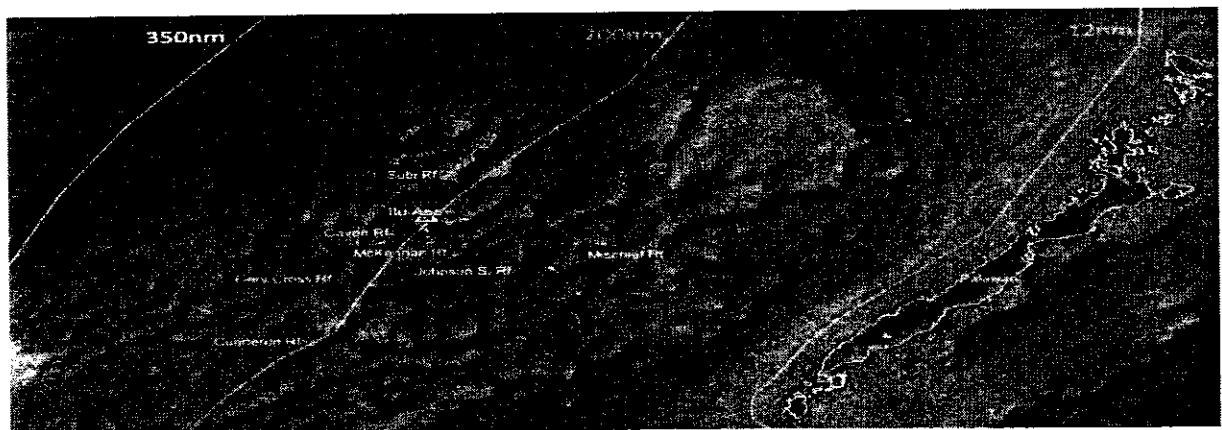


Figure 24: Exclusive Economic Zone

Source: (PART V Exclusive Economic Zone)

Upon UNCLOS, China has the argument that at the time of ratification, the UNCLOS in June 1996 has already defined its maritime boundaries after consultations with the neighbouring states and reaffirmed 'its sovereignty over all its archipelagos and islands' under Article 2 on February 1992 Law on Territorial Sea and Contiguous Zones. All disputed islands within Japan, Taiwan, Vietnam and Philippine were included. Plenty of negotiations and discussions led China to deal with the Gulf of Tonkin between China and Vietnam. The current tension surged in 2009 when the UN Commission on the Limits of the Continental Shelf (CLCS), given deadline to the states to submit their claims for continental shelf beyond the 200 nautical miles of Exclusive Economic zone which led many bold claims by various states on uninhabited maritime features and a step forward to the solidification of the claims (PART V Exclusive Economic Zone).

In this regard, in 2009 a joint Malaysian-Vietnamese reference in accordance with Article 76, paragraph 8, of the United Nations Convention on the Law of the Sea was made to the UN Commission on the Limits of the Continental Shelf (CLCS) that there are few unresolved disputes in the southern part of South China Sea with a detailed map. At the same time, a note

verbale by the Permanent Mission of China in UN announced with a map based on Nine Dashes that 'China has indisputable sovereignty over the islands in South China Sea and the adjacent waters and this joint submission has infringed the Chinese sovereignty, sovereign rights and the jurisdiction in South China Sea'. In accordance with Article 5 (a) of the Annex I to the Rules of Procedure of Commission on the Limits of the Continental Shelf (CLCS), the Chinese government made a request 'to not consider the joint reference made by Malaysia and Vietnam'.

Vietnam responded by its own note verbale addressed to the Secretary General of UN on 8 May 2009 over the Hong Sa (Paracel) and Truong Sa (Spratlys) that Vietnamese submission is under the legitimate parameters of UNCLOS 1982 and the Rules of Procedure of Commission on the Limits of the Continental Shelf (CLCS), while Chinese claims and maps attached have no legal, historical or factual basis (The permanent Mission of Peoples Republic of China to UN, 2009). Malaysia's claims on the continental shelf originated from UNCLOS so it is out of scrutiny. Philippines in this regard took a unique position and claimed that the Commission on the Limits of the Continental Shelf (CLCS had to ignore the Malaysia-Vietnam joint submission as they were overlapping with the Philippines claims. Also, it mentioned another dispute of Sabah with Malaysia. It became very clear after the exchange of notes by other claimant states that many had their rising conflicts based on China's claims. Later in 2009, Indonesia issued a note verbale which stated that although Indonesia was not a claimant state on the disputant areas of South China Sea, however it had reservations of dotted lines known as 'nine dash' line that they had no legal basis and explanation for drawing those lines. The Indonesian note said in reference to China's note that 'it is only correct to state that those remote of very small features in the South China Sea do not deserve exclusive zone or continental shelf of their own', to make baseline to the 'uninhabited rocks, reefs and atolls' would be a matter of great concern for the

UNCLOS and the international community. Meanwhile in 2009, another note was submitted by China in addition to the previous note of 7 May 2009 that “China’s sovereignty and related rights and jurisdiction in South China Sea are supported by abundant historical and legal evidence.” It emphasized that Philippines never claimed these areas prior to 1970 on Nansha (Spratlys) while China had outlined the ‘geographical scope’ of Nansha (Spratlys) with ‘territorial sea, exclusive economic zone (EEZ) and continental shelf’ since 1930s.

Although China has made the claims on many basis, however, there are two confusions about those claims: one is based on the fact that China’s claims over the entire areas existed within the ‘nine das line’, while other is based on lack of clarity of the claims; if China’s claims are valid, then on what possible Articles they are accelerated as per the norms of UNCLOS. The confusion is that either China is making claims within ‘nine dash line’ as a national boundary or it only wants to claim on seabed and seabed resources. No matter what intention of China is, it declares the under discussion islands chain as indisputable part of their territory.

From the above discussion of UNCLOS and its provisions, it is evident that China is making claims on political basis which have been supported by historical accounts consisting of travellers and ambassadors accounts. Political claims are also confusing as these are overlapping with Vietnam, Philippines, Malaysia, Indonesia, Brunei and Taiwan. The political claim drawn on 1947 was officially conversed by 2009 note verbale which was immediately responded by the neighbours as mentioned by the Freedom of Navigation, Department of Defence US (DoD Releases 2015 Fiscal Year Freedom of Navigation Report, 2016). In case of China, the status of South China Sea as a ‘historic waters’ has no justification in the International Law since China took the eastern part of Paracel islands in May 1950. In 1974, Chinese vessels clashed with

Vietnam vessels and ousted them from the western part of Paracel Islands with the subsequent control of the entire Paracel islands. However, in the case of Spratly, China did not make any occupation in 1988, until it took the control from Vietnam after a naval clash when it had planted the flag on seven rocks and atolls. Meanwhile, China could have the benefit of occupation over the island. To strengthen its case, China justified its occupation since the ancient times. Nevertheless, Max Huber in ‘Palmas case’ tested it clearly that the occupations based on an archaic time period would not be accepted if it was not in accordance to the modern International law. In other words, it had to meet the requirement of occupation of the modern law as well (Buszynski, The South China Sea Maritime Dispute: Political, Legal and Regional Perspectives, 2014).

Consequently, according to the legal perspective, China cannot claim for the jurisdiction of islands on the basis of peaceful and continuous occupation with a complete authority of state. On the same basis, the International Court of Justice (ICJ) gave its ruling case in favour of Philippines against China in 2016. At the same time, China had its own justification for South China Sea as an ‘indisputable territory’ on the basis of its own evidences mainly presented by the Ministry of Foreign Affairs.

Through a detailed analysis of the claims made by the three major competitors, it is evident that almost all states’ claims are based on historical basis. These claims have developed with the passage of time and have been the ‘national interests’ of each state. Thus, a critical dispute which has a potential to be a major future conflict should be dealt with a sense of responsibility. A peaceful solution based on mutual consensus of parties involved in the dispute is highly required.

CHAPTER 4

ECONOMIC GROWTH OF CHINA: SIGNIFICANCE OF SOUTH CHINA SEA

Status of the South China Sea and the disputed islands are a matter of great concern for regional as well as for global powers. However, as a maritime dispute, it is not only a territorial concern rather it involves a high degree importance being the jugular vein for China. As China is making a tremendous growth at multiple fronts and the threshold of the growth has been predicted for setting up a stage to change the course of history. It has been analyzed that claims on vast portion of the South China Sea, either legal or illegal, are meant to be the part of economic prosperity and the possible protection of it. Presently, China has been acknowledged the second largest economy of the world in terms of nominal GDP, while according to IMF China is considered the largest economy of the world in terms of PPP (purchasing power parity) (GDP based on PPP, share of world, 2017). China has become the global pivot for its business, engineering and trade skills; being the largest manufacturing economy in the world, besides being the biggest exporter of goods. At the same time it has the largest consumer market which is constantly growing and also remains the second largest importer of goods in the world of worth \$1,842 billion, after the US with worth of \$2,409 billion. As a largest trading nation, China has a significant role to play in international trade (United States, 2017).

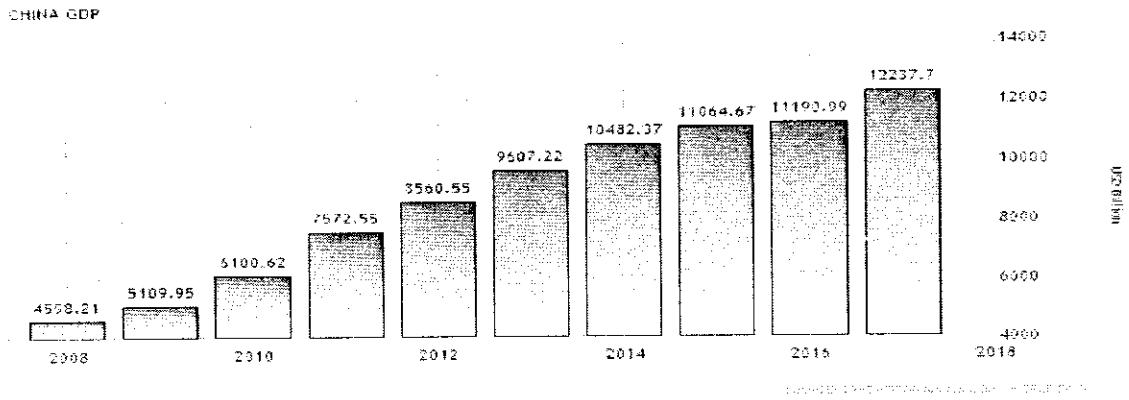


Figure 25: China's GDP

Source: *Trading economies, World Bank*

China is engaged in different sort of organizations, treaties, and agreements including FTAs (free trade agreements), to increase its efficiency and trade with other nations. How China has got this status is a four decades long story; however the evolution of China to such a prosperous phase is unique to this land. Exploitations have been witnesses by the nation but with consistency, China has achieved its mark. To understand it fully, it is necessary to dig up the background of the journey to economic success.

4.1 Background of Economic Growth

To become a developed nation there are two sets of criteria, which need to be implemented. Firstly, to improve the business environment by providing capital, infrastructure and a good work place and secondly, maintaining the social capital so that individuals and businesses can work in collaboration with each other, to give the maximum productivity. In order to set the stage for growth, gradual model was adopted for reforms and different phases of reforms were introduced at various levels. The gradual model had profound and rapid impact on Chinese economic development which

changed the country and by 2007, 9 times larger economic set up was observed than it was in 1978, placing it at fourth place after Germany, Japan and the US. In a short span of thirty years, China has achieved such a level of maturity which has potential to challenge the great powers and ultimately to alter the world order (Hutton, 2007).

During the Gradual Model, as the first phase in late 1970s and early 1980s, Beijing enforced through a series of liberalizing reforms with a purpose of social capital. By bringing in reforms and especially to create social capital, there was huge economic activity because every individual was able to produce and sell without involvement of government management. If there was a shortage of a product, individuals were allowed legally to manufacture it for themselves and for others. It was not easy to change the status quo, indeed it challenged the powerful party structure which took three decades to develop and guide the economic activity. For this purpose, Deng Xiaoping and PLA worked together, to initiate and sustain these policies and to overcome the elite pressure and this continued till 1990s.

As soon as economic growth increased, there was lack of infrastructure and capacity to manage the growth which ultimately led to the second phase in which domestic resources were offered as investment to produce infrastructure and capacity. During 1950s and 1960s, China identified the main constraints responsible for the backwardness of the economy by adopting ‘Alexander Gershenkron Policy’ (Gerschenkron, 1962). The purpose of identification of the constraints was to resolve the issue of backwardness of Chinese economy. Two main constraints were identified, first was “insufficient savings to fund domestic investment needs” and second was “the widespread failure of the private sector to engage in productive investment” (C.Chow, 2004, pp. 3-6). The constraints were resolved through the consumption growth by limiting household income growth, and involving the state to

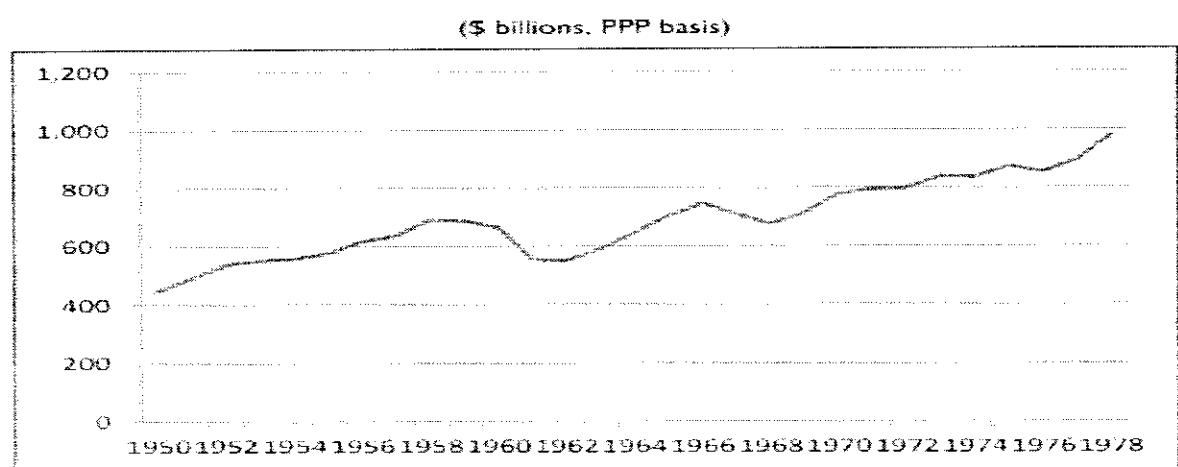
identify the needed investment, controlling and allocating the savings, which were generated by resolving the saving constraints. For the same purpose investment was provided by central authorities in productive projects which led to surge the economic growth from the early 1990s to the early 2000s and all Chinese, especially the elite benefited from it, which has been emerged as 'vested elite' (Pettis, 2014).

During the same time, the contract responsibility system in agriculture was changed, by which individuals were allowed to keep their surplus rather than farming for collective and this system was followed by Township and Village Enterprises (TVEs). Along with individual rights of production, opening up of market policy was introduced which allowed international exposure to Chinese trade and welcome the direct foreign investment. Main focus was to establish a sustainable banking system, reforms raised the standard of most of Chinese people and gathered support for next phase of reforms.

Second phase started in late 1980s to early 1990s, which focused on governance of institutions by giving autonomy to state owned enterprises and to create a centrally driven planned economy, to price driven market economy. Most importantly the task of price reform was achieved and for this purpose 'dual track system' was used for price and exchange rate. This system allowed allocation of goods and services by both means with state controlled prices and at local market prices. With the passage of time goods that were placed at market rates were increased.

The third phase of reforms started in late 1990s to 2000s, with a focus on closure of unprofitable state owned enterprises and establishing a social security system and liquidation which can control the economy by monetary policies, on the basis of profit and loss, not only focusing on political orders. At the start of 2000 and onwards, focus of reforms was made on disparity of rich and

poor in China. Thus a gradual but continuous approach paved a path for Chinese economy to travel from traditional to market economy (Tung, 2005). According to Tung, initially Chinese economy was very inefficient, as per the World Bank's study, 'growth rate of China's total factor productivity from 1952 to 1981 was only 0.9 percent' (China: Economic Structure in International Perspective, 1985)



Source: Angus Maddison, Historical Statistics of the World Economy: 1-2008 AD.

Figure 26: World Economy

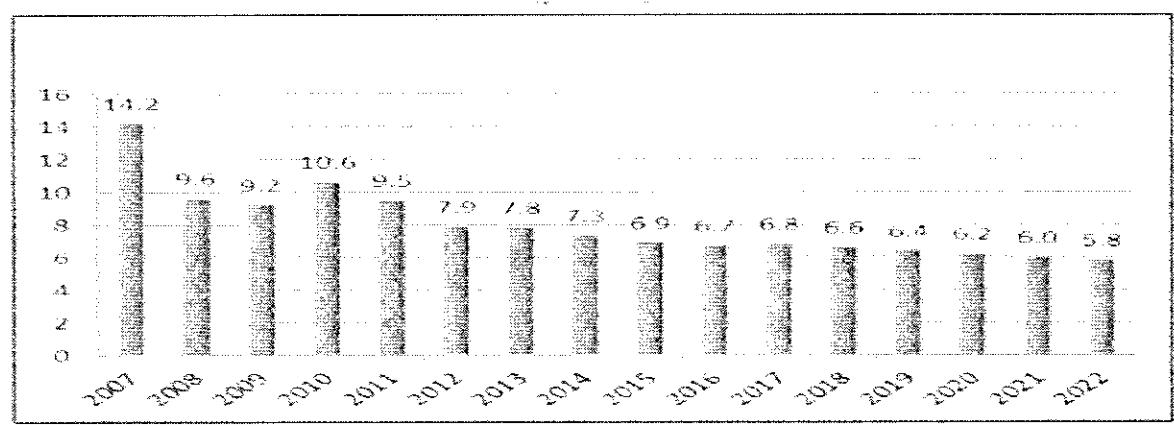
Source: Trading Economies, World Bank

It was analyzed by the Angus Maddison that till 1978 there was a slow and a gradual economic growth in terms of ppp (Maddison, 2003). Post 1978 period in the history of China is taken as a golden era of remarkable growth. A statement by Deng Xiaoping "The way to make the transition from a traditional planned economy to a market economy is just like crossing the river by groping the stones beneath the surface", became the hallmark for Chinese inefficient and stagnant economy, through a series of reforms and opening up policies by the end of 1970s (Tung, 2005).With the concept of free market, SEZs (Special Economic Zones) were created in Shenzhen, Zhuhai, Xiamen, and Shantou on China's southern coast (Zeng, 2011), along with the opening up of shanghai in the 1990s, which began

with manufacturing and industry, consequently many companies flew to China. At the same time government was able to establish a modern, efficient infrastructure comprising of ultra-modern ports and roads, along with cheap container ship transport and low factory building costs; which made the Chinese products up to 70% cheaper.

They were established to increase exports by importing high technology to earn foreign exchange, create jobs, assimilate foreign managerial and entrepreneurial skills and attract foreign investments. These economic zones worked as laboratories 'to carry the operation of market economy'. Under opening up policy, lenient guidelines of foreign trade were revised. Before 1978 there were very few state owned foreign trade corporations under Commerce Ministry, with least expertise and experience. So many foreign trade companies were allowed to work at provincial and lower level. (Hutton, China and the west in the 21st Century, 2007) Number of foreign trade companies increased from less than 1,200 in 1986 to more than 35,000 in 2001. These companies were also allowed to sell their goods and services. Besides this, currency was also devaluated to a realistic level. In this whole process overseas Chinese and their links with Taiwan, played an important role with their international business networks. Further liberalization was made, during 1982, 56 tariffs were decreased and in 1996, tariffs were reduced to 23 and in 2001 and 2009; 9 percent gradually. At the same time Governments were encouraged at local level to promote local economies in different aspects of economic management, including authorizing local governments to approve large investment projects along with enthusiasm and substantial resources, to promote local economic development. Besides the state owned enterprises, the non-state enterprises also played a significant role in economic development, which rose from 22 percent to 56 percent, from 1978 to 1993, as a result industrial output increased from 7.2 percent to 38.1 percent in 1993 (Lin, 2004).

As a part of financial reform, four specialized banks started to work in the early 1980s: the China Construction Bank, the Industrial and Commercial Bank of China, and the Agricultural Bank of China, to handle domestic transactions, while the Bank of China was responsible to handle the international transactions. Further the commercialization of the four specialized banks led to the formation of three new policy banks in 1994, which included the State Development Bank of China, the Agricultural Development Bank of China, the Import-Export Bank of China, which continued till now, with the creation of new banks for economic development (Okazaki, 2007). Since 1994, China took a shift from 'a planned economy to market economy' (Wu, 2005). Process of liberalization led to rapid economic growth and subsequently arise in GDP, with more than 10 percent growth rate annually. It took a transition from closed economy to a global economy or from a centrally planned economy to market economy, within three decades from 1978 to 2008, by mobilizing all the three main pillars from economic liberalization, institutional reforms to structural reforms with the same pace (Wang, 2008).



Source: IMF, WEO.

Figure 27: China's Economic Growth

It also reduced the poverty level from 84 percent in 1981 to 15.5 percent in 2005 (Wang, 2008). To achieve the goal, working unlike with the previous strategy “to cross the river by groping the stones,” with the emphasis on coordination of different reforms carried out at different levels. There are two important principles which worked throughout the process of development:

- First is pragmatism which was determined with the experiment rather than ideology while
- Second was Instrumentalism

It was a great idea despite of implementing a national plan, implementation of policies to reduce transitional costs, to increase the reform benefits, to reduce the uncertainty of economic reforms and maximize the possibilities of success (Zhu, Understanding China’s Growth: Past, Present, and Future, 2012). While both factors were supported by micro policy adopted at micro level, which paved the path for macro policy environment by doing reforms at micro level in micro-management, institutions (Qian, 2000) accompanied by the removal of constraints by the governments and by improving the governing of existing institution as well as establishing new institutions .In this regard, the most important factor which led to success was the political support and its dual track strategy.

4.2 Economic Growth throughout the Period of Economic Reforms

China is still growing and eventually attaining the status of a powerful state, however there is a lot of skepticism about the growth of China, therefore there is need to go through the facts and figures about the growth of China and figure out the reality of Chinese Economy, being a concrete structured or a bubble one. According to economists there is only one indicator of growth which covers a lot of things and that is GDP (Gross domestic product) which can be described as;

$$\boxed{\text{GDP} = (C+I+G+NX).}$$

Consumption – spending by domestic households on goods and services

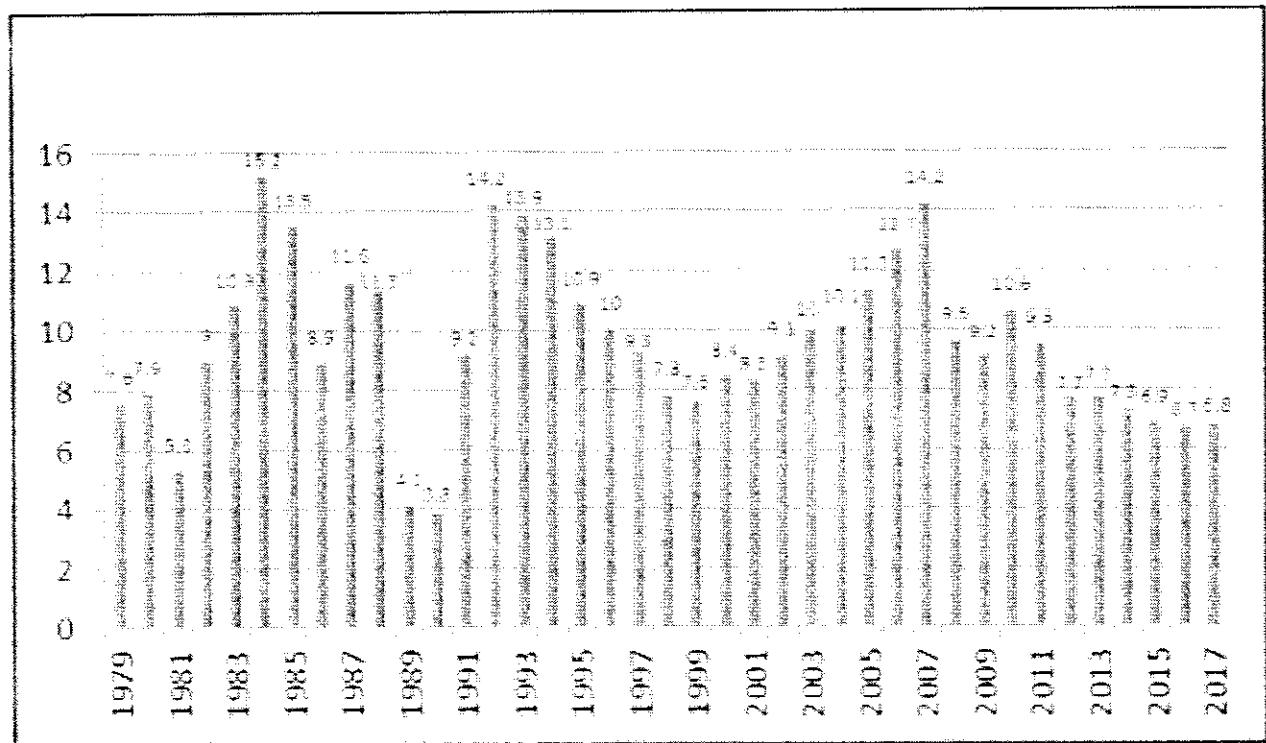
Investment – spending by firms on capital equipment and by households on real estate or homes

Government spending – spending by governments on goods and services

Net Exports – exports minus imports, in other words trade balance. By taking GDP, a sole indicator of wealth of a country, China's GDP has been compared with the US, which is currently known as the hegemon or the number one economy of the world. Currently China, by and large is the world's second largest economy and leading export industry, while in terms of GDP purchasing power parity (PPP), it is the largest one with more \$ 20 trillion (Tung, 2005). According to a report published by World Economic Forum, China has been declared world's largest economy on basis of PPP by IMF and World Bank (Willige, 2016).

For the same reasons, most of time, China has been named as "World Factory" for its huge production and contribution in global manufacturing export market. China contains the global factory being a high quality and mega producer and exporter of goods such as the electric appliances, communication equipment, medicine, machine equipment, textiles and chemicals, etc. Many of these goods like machines equipment, containers and tractors are accounted 85 percent of the total global output (Global manufacturing , Made in China?, 2015).For the current status of Chinese economy and new place in emerging world order it is necessary to look into the current indicators for power. From 1978 to 2004 China took a jump from 32 to 2 among trading nations. Foreign trade of China rose from 21 million US\$ in 1978 to 335 billion US\$ in 1997 and much higher than 1,150 billion in 2004 whereas during 1950s, China's foreign trade turnover was only US\$1.135 billion (Summary on China's Foreign

Trade, 2003). During 2007-8, China touched the economic growth rate of 14.2%, afterwards it started to slow down to 6.9% in 2017. There are predictions made by the IMF that ensuring a more stable and firm state, market growth rate will continue to fall to 5.8% by 2022 (China's Economic Outlook in Six Charts, 2017).



Source: IMF, and Chinese National Bureau of Statistics.

Figure 28: China's Economy from 1979 to 2017

Source: (Wang, 2008)

With the passage of time the decrease in growth rate has been acknowledged by China as a 'New normal', as mentioned by the President Xi Jinping, in an address at the G20 summit, with a comprehensive, open and innovative approach of business that will be dependent on more private consumption, for economic growth. China needs to adopt innovative measures to accelerate its economy (Chinese President Xi's speech at G20 Hamburg Summit, 2017).

4.3 China's Innovative Domestic and Global Ventures

For the same reasons, many high profile innovative initiatives have been started by China including the:

- The 'Made in China 2025' Initiative is to modernize and upgrade the hi-tech industry. It is basically a master plan to convert the country into a 'manufacturing super power' in the coming decades. The main target of the strategy is the manufacturing sector and particularly the hi-tech industry for its contribution to growth rate. The focus in plan has been made on 10 key industries including; the Aviation, Robotics, Automotive, Railway equipment, Bophirima and Medical devices, Energy saving vehicles, Aerospace and aeronautical equipment, Agricultural equipment, New materials and High-tech maritime equipment etc, to reduce the dependency on other countries (Made in China 2025, 2015). This vision was presented in 2011 while initiated in 2013(Jost Wübbeke el.al, 2016). There are few significant things about the plan, that the focus is not only on innovation rather on the entire manufacturing process, along with attention on self-created and global standards (Made in China 2025, 2015).
- Besides the initiative of 'Made in China', the country is adopting few other innovative initiatives including the Belt and Road and statecraft of Parallel institutions including AIIB and many others. In the current research, Belt and Road along with the AIIB has been discussed thoroughly.

China is growing in its leadership qualities as well, by engaging at different political and economic institutions and taking initiative's to change the course of world. Two notable projects under discussion include the one is Belt and Road Initiative (B&R Initiative) and secondly the establishment of financial

regimes like banks and other institutions, few are related to B&R Initiative while few are not however they have their own significance in relevance to stand parallel with other global institutions, established by the West. Here is a detailed depiction of reforms and statecraft of institutions at home which led to development of global institutions (Wang, 2012).

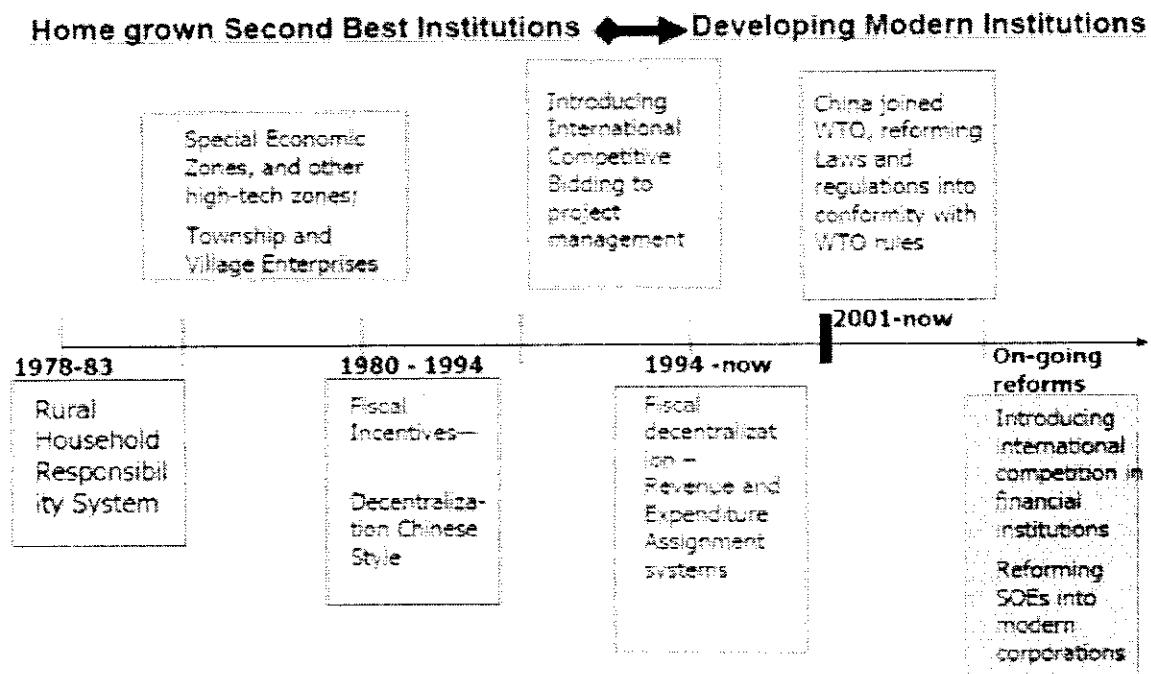


Figure 29: Development of Modern Institutions

Source: (Wang, 2012)

4.3.1 Belt and Road Initiative (B&R Initiative)

B&R Initiative is one of the significant economic initiatives of China which has a diverse impact on different countries at various levels. For some countries, it is a medium of communications, providing transport facilities, an economic accelerator and a great source of social mobility while for others it involves the global power dynamics. This creative plan was announced in 2013 by President Xi Jinping's while its implementation started in 2015. Basically this is a plan to connect China with the

wide world by linking different points, mainly the countries along the way. Piraeus is China's main infrastructure port project at the western end of the Maritime Silk Road, from east coast of China. Between these two ends, the two most important strategic passages are the Strait of Malacca and the Suez Canal. There are many reasons to take such creative initiative for growing energy needs and to find out alternative routes, becoming less dependent on Strait of Malacca.

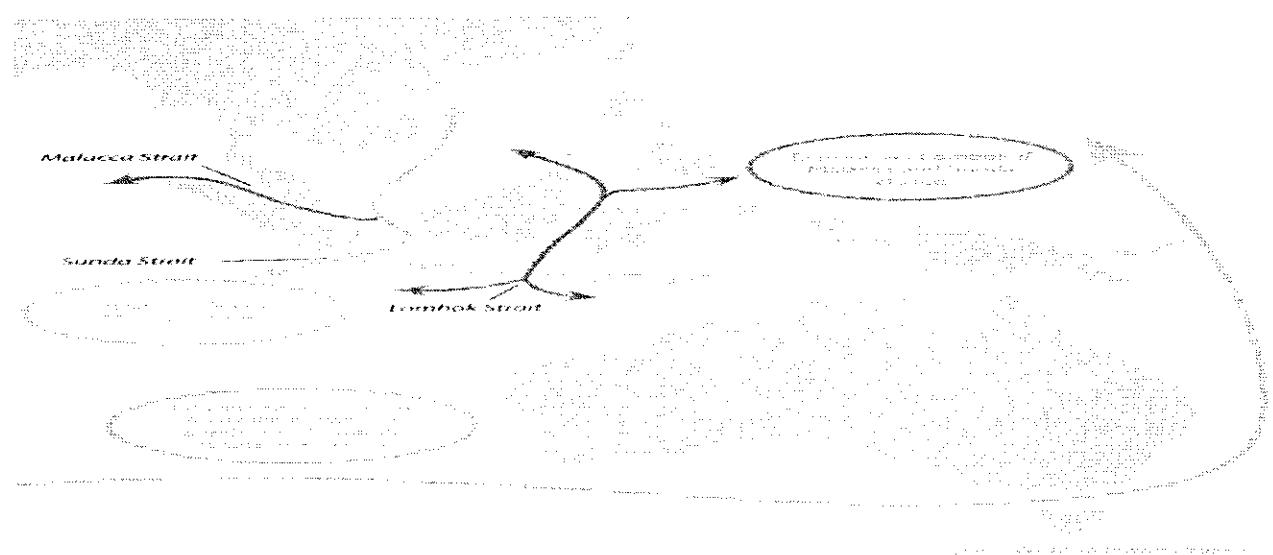


Figure 30: Choke Points in South China Sea

Source: (*How much trade transits the South China Sea? 2017*)

There is need to know and understand B&RI as it is a systematical plan which runs from sector to sector, industry to industry and province to province, starting from Eastern part of China to Western part of China, encompassing the North and South within China and also country to country outside the Chinese domain. It is a continuation or a revival of ancient trading routes which used to link Chinese merchants with those of Central Asia, the Middle East, Africa and Europe in seventh century but later became inoperative because of several reasons. So the initiative can be considered as stepping back into the golden era of China, times when the nation enjoyed 400 years of prosperity during the Han dynasty.

This era is also known as ‘Pax Sanica’ which means “Chinese Peace” and in revival of the ancient trade, camels and caravans are replaced with cranes and construction crews (The Silk Road - From Past to the Future, 2014).

Western policy makers are stranded because of these mega projects as no fixed list of member countries has been presented although a rough estimate of 60 countries has been made but still it is open for all with a protracted list of projects. B&RI is huge and amorphous due to some potent reasons:

- Its projects are huge with massive potential, according to Chinese official there are more than 2000 plus deals with more than 60 countries engaging globally, to work domestically. China has pledged to invest 1 to 8 trillion in these projects (Hillman, 2018). Presently it is focused on 2,200 projects on transport, including roads, railroads, dry ports and sea ports. It involves total GDP of & 23 trillion along with 4.4 billion people out of 7.6 billion population of the world (Competing Visions, 2017).



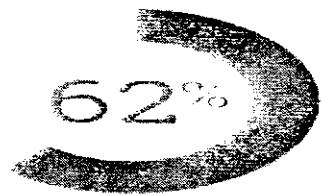
Figure 31: BRI GDP and Trade

Source: (How much trade transits the South China Sea?, 2017)

The Belt and Road Initiative

4.4
billion

Combined population of all countries involved in BRI



BRI touches 62 percent of the world's population

Figure 32: Population involved in BRI

Source: (*How much trade transits the South China Sea?*, 2017)

- During 2017, 110 countries attended the BRI Forum (which been given the name BARF , Belt and Road Forum) along with 30 world leaders, including the heads of states. It has been officially put in UN resolution and is heavily endorsed by IMF, World Bank and ADB. Besides that it has been made part of CPC Consortium. It is important for the current government because of the splash of a successful foreign policy, with its fruits at domestic level, as government is committed to become “moderately well-off society” by 2020 and a “strong, prosperous” by the mid-century (Belt and Road Forum For International Cooperation, 2017).
- It is a significant alarm for the only global powers and their traditional way of trade as a whole. Two merging trading blocs can be seen across the globe; one is the Trans-Atlantic in which Europe is included while other is the Trans-Pacific in which Asia is included and in both blocs America is the focal point. In case of B&RI both blocs are treated as a single unit with no placement of America as a focal point, China being placed as the dominant. (Our bulldozers, our rules, 2016).

The National Development and Reform Commission, in collaboration with Ministry of Foreign Affairs and Ministry of Commerce China, announced for an initiative on 28th March 2015 on 'Vision and

Actions on Jointly Building the Silk Road Economic Belt and 21st Century Maritime Silk Road' which later came to be known as 'One Belt One Road' with primary goals ;

- 1) Free flow of economic factors, deep integration of markets with allocation of resources efficiently
- 2) To engage and encourage the countries along the Belt and Road to for deeper integration, coordination and connectivity
- 3) A joint platform through cooperation to benefit for all

Primarily it has two main elements: The Silk Road Economic Belt is basically consisted of two aspects1) one is Belt consisted of land route to connect China with Central Asia, Eastern and Western Europe (shown in orange color) , while 2) is the Road which is a maritime route which connects China with South East Asia, South Asia, Middle East, and the Persian Gulf with the Mediterranean Sea (shown in blue color). This Initiative has to serve two purposes:

- To build a "Eurasian land bridge" to connect logically from China's east coast all the way to Western Europe.
- And to develop the economic corridors connecting China with Mongolia and Russia, Central Asia, South-East Asia and South Asia (The Belt and Road Initiative, 2016).

Mapping the Belt and Road Initiative's progress

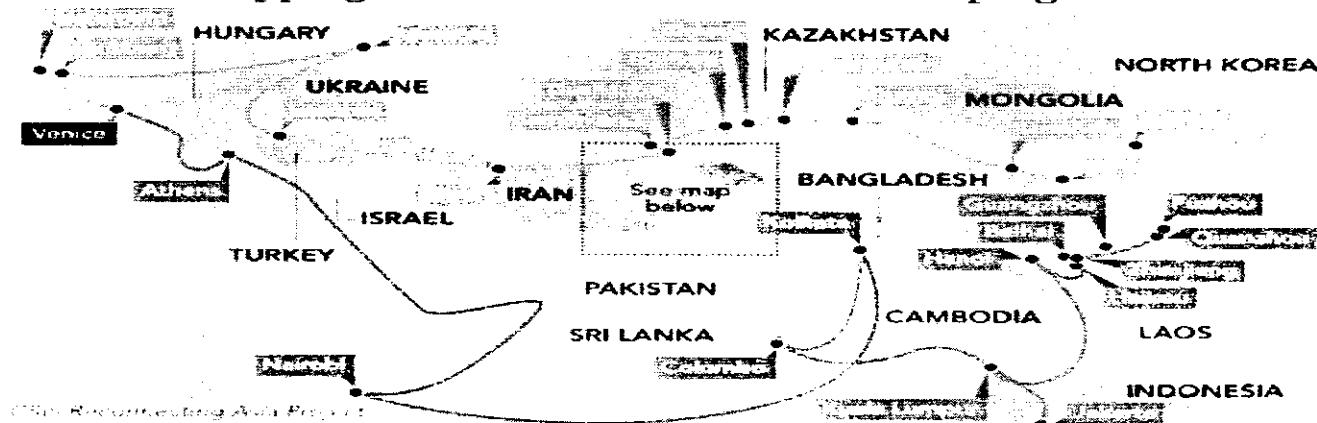


Figure 33: BRI Progress

Source: (Palma, 2018)

Yang Baoyun, professor at Peking University is cited by Zhang that “Like the historical route centuries ago, the new maritime silk road will bring tangible benefits to neighbors along the route, and will be a new driving force for the prosperity of the entire East Asian region” (Zhang, 2013). Meanwhile Zhang has analyzed that “If the connectivity projects with the region finally achieve smooth interconnection with each other, the China-ASEAN free trade zone will see a much greater potential to be tapped into” (Zhang, 2013).

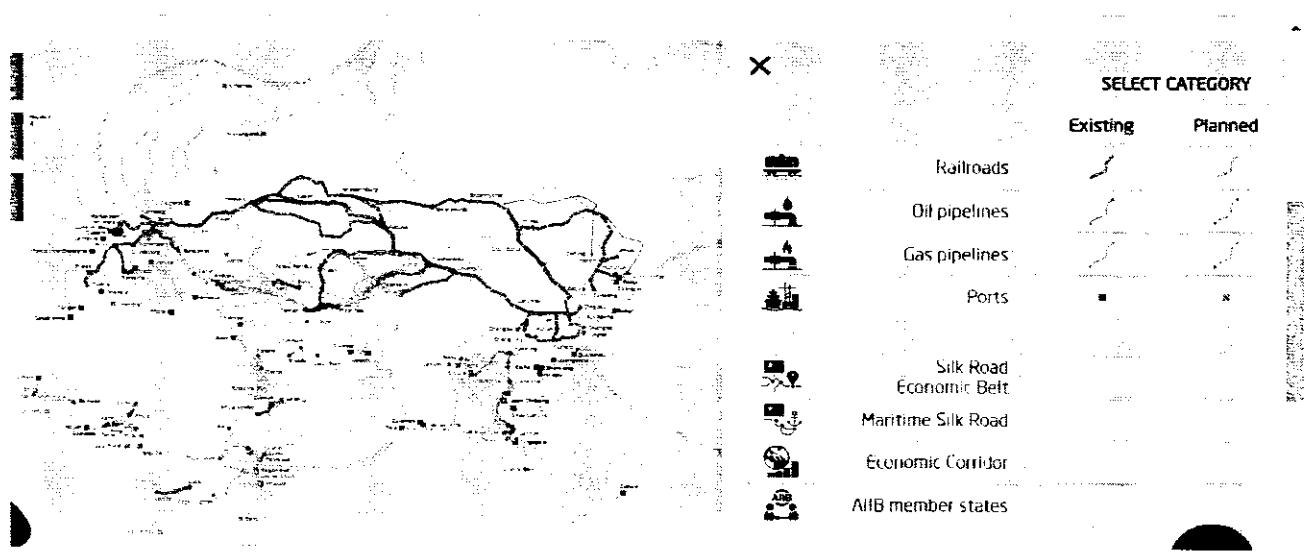


Figure 34: Interactive map of the Belt and Road Initiative

Source: (China creates a global infrastructure network: Interactive map of the Belt and Road Initiative, 2018)

B&RI initiative has been managed by different countries but under the umbrella of China. Within China this project is working under the chairmanship of Vice-Premier Zhang Gaoli. While National Development and Reform Commission (NDRC), Ministry of Foreign Affairs and Ministry of Commerce are engaged in managing B&RI related projects in coordination with NDRC. According to officials this is a circular route connecting China from one part of the world to other parts “connecting the vibrant East Asia economic circle at one end and the developed European economic circle at the other, and encompassing countries with huge potential for economic development” (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). Economically B&RI can be declared as a third round of Chinese economy after the development of Special Economic Zones and China’s accession to the World Trade Organization.

According to Chinese President Xi Jinping B&RI “should be jointly built through consultation to meet the interests of all, and efforts should be made to integrate the development strategies of the countries along the routes. It is not closed but open and inclusive; it is not a solo by China but a chorus of all countries along the routes (President Xi congratulates opening of Boao Forum for Asia, 2017).” Many objectives are connected with this project, some are explicit while others remain implicit but basic of all is transportation of goods and above all a hope to the people, giving them a world free of barricades. There are some objectives which are very obvious in this project, mentioned as under:

- Most important of objectives is development, economic progress and prosperity of the least developed areas of China, mainly the central and western part of the China while keeping the other developed coastal cities as an integral part.
- Increased development along the both routes of belt and road by greater connectivity utilizing different means for greater movement of goods, services and people along with their culture.
- Promotion of greater integration with neighbours .
- To secure energy needs by diversification of import sources (The Belt and Road Initiative, 2016).

Besides the above mentioned objectives, there are other implicit factors involved as well. China wants an access to the international market as various products are manufactured in abundance and China wants international buyers for these items. B&RI can be a feasible outlet for excess of production. Further with a huge export revenue China has gathered suitable foreign exchange reserves and capital to offer for further trade in overseas countries and B&RI can prove

valuable in this regards. With the project completion of B&RI, an opportunity to international market especially in the developing countries will increase, making the export accessible to all the neighboring and other developing states. (The Belt and Road Initiative, 2016).

B&RI is characterized with six corridors in both belt and road, connecting the ends of major global arenas, with an intersection of other major and minor corridors within all the regions of South East Asia, South Asia, Central Asia, West Asia and Europe. So far more than 60 countries are officially listed in the list of B&RI countries however there number is very high because of Chinese investments in different projects in other countries of the world which can be characterized as non B&RI countries, which can later become part of the project. Listed countries encompass 60% population of the world and collective GDP of 34% (Rolland, 2015). Six corridors provide a physical structure or a framework of this plan to be functional in near future.

1. New Eurasian Land Bridge
2. China - Mongolia - Russia Corridor
3. China - Central Asia - West Asia Corridor
4. China - Indochina Peninsula Corridor
5. China - Pakistan Corridor
6. Bangladesh - China - India - Myanmar Corridor

The Belt and Road Initiative: Six Economic Corridors Spanning Asia, Europe and Africa

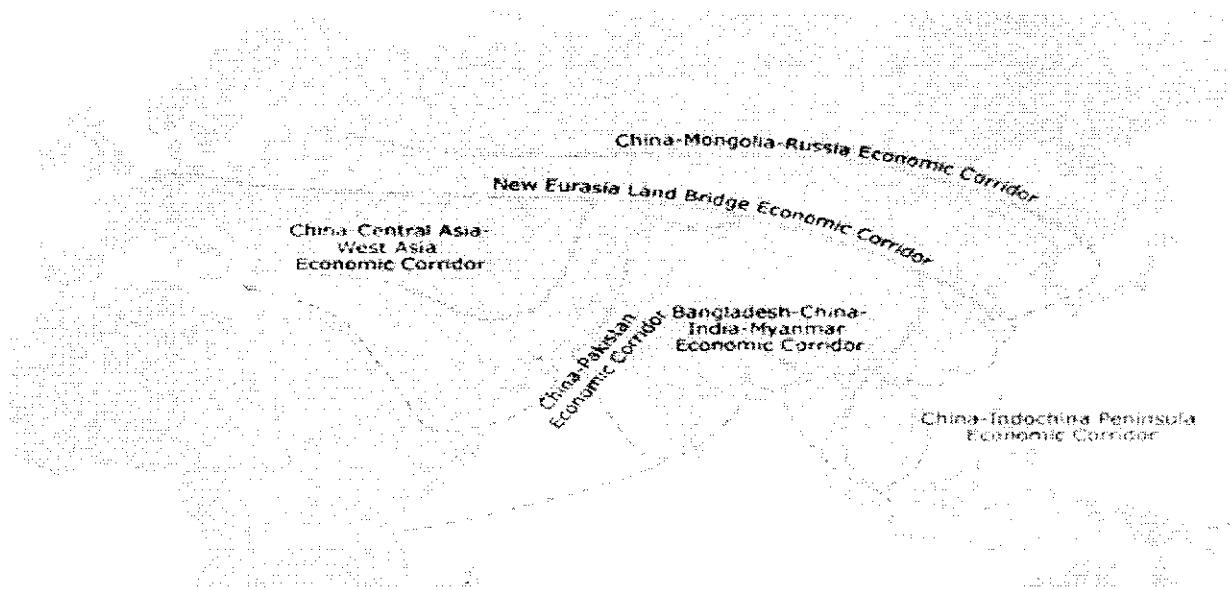


Figure 35 : BRI Corridors

Source: (The Belt and Road Initiative, 2018)

According to The China Development Bank more than US\$890 billion (£571 billion) has been reserved for their development while according to unofficial sources, this amount is much more than the mentioned (The Belt and Road Initiative, 2016). According to an estimate made by the Asian Development Bank (ADB) “From 2010 and 2020, Asia needs to invest approximately \$8 trillion in overall national infrastructure” (Infrastructure for a Seamless Asia, 2009). According to that report published in December 2009, more investments are needed towards Pan Asian connectivity through energy infrastructure, communications and transport within one decade from 2010 to 2020 which would lead to Asia’s income beyond the \$13 trillion (Infrastructure for a Seamless Asia, 2009). By suggesting various measures report said that to achieve a long term vision of a seamless Asia would require an infrastructure which would have the ability to provide the Asia with the following things:

- Open connectivity to regional and global market

- Connectivity would be driven by political leadership embed with economic logic
- Pan Asian infrastructure network would be built up by nationwide, bilateral and sub-regional programs
- These networks would be directed, reinforced by effective regional and broad-based frameworks to ensure the proper financing and development (Infrastructure for a Seamless Asia, 2009). So the most important thing is about the investments, particularly to establish infrastructure in the host countries which would be the part of long term development. Less and least developed infrastructure is working as bottlenecks for economic growth of Asia so there is need to promote physical infrastructure. Physical infrastructure includes all rail, road links along with airports, sea ports and power grids. From the host countries, along with tangible infrastructure there is also need for intangible infrastructure like policies and strong commitments to facilitate and to deliver the services to accelerate the economic development which will ultimately lead towards the social development by providing employment, reducing poverty and raising the lives of the people. Thus Asia which has become economic engine due to its potential can play its role in accelerating the global economy in future (Dollar, 2015).

4.3.2 Asian Infrastructure Investment Bank (AIIB)

Another developmental initiative taken by China at economic front, is the formation of Asian Infrastructure Investment Bank (AIIB), a multilateral bank with initial capital of \$100 billion for investment purposes. China is the largest contributor in providing capital of £20 billion while rest of amount has been provided by the other members. Initially 57 members have joined it across the world while it is based in Beijing. The basic purpose of the bank is provide investment to promote infrastructure, transportation telecommunication along with energy for connectivity of rural and

developing areas efficient management, services and skills focusing on preserving clean environment. The main tenet of the institution is not the competition instead cooperation with the existing institutions like the World Bank and the Asian Development Bank (ADB). Thus, it is the hub of all regional, non-regional, developing and developed countries, they play their part to promote progress and prosperity along with regional connectivity. The initiative of the bank was taken by Chinese President Xi Jinping and Premier Li Keqiang while their visit to South East Asia in 2013 to promote “to promote interconnectivity and economic integration in the region” and “cooperate with existing multilateral development banks” (Liqun, 2015). During October 2014, 22 members from different countries signed a Memorandum of Understanding (MOU), to establish the AIIB and Beijing was selected to host the Bank headquarters. Deadline for submission of applications was given 31st March, however the Prospective Founding Members had increased to 57 in 2017 (Policies and Strategies, 2017). An important policy was adopted by its leadership that the bank will implement only economic policies and work commercially and will not become a tool to implement the Chinese policies on all or on its member countries. The rationale which existed beneath the AIIB is the same which worked in development of other banks like the Asian Development Bank in 1960s, to supplement the already existing policies of the World Bank in the region. European Bank for Reconstruction and Development (EBRD) was also established for the same purpose along with other banks the African Development Bank, the Corporacion Andina de Fomento, the Nordic Bank, the European Investment Bank (EIB), the Inter-American Development Bank (IADB), the Black Sea Development Bank, and the Islamic Development Bank. As a new financial platform AIIB is working with harmony and till now, it has initiated various series of loans with more than 31 projects for energy, power and constructions of roads to Pakistan, Bangladesh, Indonesia, Uzbekistan and Myanmar, India, Oman, Georgia and many other countries of the world (Approved Projects, 2017).

The purpose of the Bank is

- (i) To increase connectivity, by promoting investment, to facilitate the infrastructure, to achieve the ultimate goal of sustainable economic development.
- (ii) To endorse cooperation at regional level with other multilateral and bilateral institutions working for sustainable economic development (Ikenberry, 2015).

The main initiative of AIIB as an infrastructure investment bank is to bring forth following facilities to its members, in other words AIIB is focused to deliver five I's which are Investment, Innovation, Integration and Integrity to serve different purposes as a financial body. Here Investment means financial resources for infrastructural developments of already existed infrastructure under principles of cost-benefit analysis. While Integration stands for sustainability of environment and society in all plans and operations carried out for developmental purposes. Working collaboration of AIIB with different sectors like government sectors will enhance the Innovative strength of bank to work for greater development of Asia. At the same time Integrity will work as a main principle, to operate AIIB with an Insight on upcoming trends in resolving the existing issues (Liqun, 2015).

Current successful economic initiatives of China are considered diplomatic win for Beijing and a diplomatic impediment for Washington. At the same time response from Washington is paving a path for firm footing for Beijing because it has made an effort to discourage some of its European and Asian allies to join the bank rather than to be delighted on sharing some global responsibility by China. At the same time, it must be taken as a matter of complement rather than the matter of competition to the existing financial system.

AIIB also came up as a matter of rational choices and cooperation rather than the matter of competition. Most of European and Asian allies not made a choice between the US and China rather

than have decided wisely to join AIIB as the need of time, making it firm that being allies with US does not compel these countries to abstain from any reforming project led by China. AIIB can be considered as a hardware to integrate the Asian region and ultimately the globe (Dollar, 2015). The AIIB will rise to the challenge in order to meet the Asia's burgeoning infrastructure demand, government finance, multilateral assistance, and keeping check that the private capital must be mobilized. The Bank's resources will significantly upsurge the pool of multilateral developments to support the regional economies (Liqun, 2015).

Up till now, AIIB has approved \$509 million; it has been approved for various projects. In all the projects, other financial institutions are also working in collaboration with AIIB, like in slum improvement projects; the World Bank is working for environmental assessment and procurement so that Chinese contractors might not be favored because of their less favorable attitude towards environment (Approved Projects, 2017). Joachim von Amsberg, vice president of AIIB has acknowledged that the Indonesian project is a term partnership between Indonesian government, the World Bank and the AIIB. He acknowledged that as the World Bank and Indonesian government was already working over the projects since years so it was our moral responsibility to rely and assist it in terms of supplementing finances (Dasgupta, 2016).

Diverse analysis has been made regarding the capability, performance and plans of AIIB and analysts have come up with an analysis that the bank might not be able to perform the best practices made by the World Bank, regarding sustainability of environment and society in terms of its projects and labor standard. According to AIIB President Jin Liqun, it is not necessary that only the Western institutions are human friendly and working for global entities rather focus should be transferred on Chinese best practices which have graded China as the best infrastructural builder in Asia. The Western

or international mega projects cannot be downsized or devalued. Because of Chinese rise, as a matter of fact, the world is developing from all corners (Dasgupta, 2016).

4.4 China's Economic Growth and South China Sea

China is an economic giant with a huge population of 1.4 million out of total world population of 7.6 million, with an enormous potential of growth. Acceleration of growth within last three decades and expansion of Chinese trade in last decade has paved way for many future predictions. China's whole structure of growth and trade is dependent on two things; one is supply of energy resources while second is the supply of furnished goods to the other regions, these two things are core of the Chinese economy. One value which is highly crucial in China's economic success is the role of surrounding seas and particularly the South China Sea. China is heavily dependent on South China Sea for its trade, around 42% of China's energy imports pass through South China Sea maritime route while manufactured goods of worth \$5 trillion to the other regions annually (Fensom, 2016). So South China Sea is highly significant for the growth and prosperity of Chinese economy. In order to protect the trade, it is necessary for China to safeguard the maritime routes passing through the South China Sea. Keeping this in mind, China is adopting various means within South China from claims on major portion of the Sea to various installations on the Sea, solidifying its claims. Besides the trade and energy supply, other geostrategic dynamics are also involved in so much emphasized claims, regarding the rise and fall of the states, how sea routes play a timeless role in country's strengthening, as per the Mahan's theory of the Sea power which describes, explains and finally predicts about the status of the states who possess the seas as a 'high way' a 'common wide'. On the same basis he predicted for the future powers and then the potential future powers even during 1880s. He elaborated the objects,

implications and the purposes of the Sea Power in order to discuss the economic and geostrategic gains based on the Sea power. He developed a dynamic relation among the Sea borne trade, capital generation and the state power. According to him, "Some nations more than others, but all maritime nations more or less, depend for their prosperity upon maritime commerce, and probably, upon it more than upon any other single factor" (Mahan, *The Influence of Sea Power Upon History 1660-1783*, 1949, p. 43). Mahan explained that the Seaborne trade, the economic prosperity and ultimately the national power are interlinked. He exemplified the Sea as a highway, a road with multiple paths, by choosing those paths means to look for the path of prosperity and growth. Mahan named thoroughfare as a 'common ground' where he meant the Sea lines, and the ports for all, benefitting all. The claims on the vast part of the Sea and the development of the artificial islands to strengthen these claims and ultimately the command, testifies the relevance of Mahan's theory of the Sea power as a great source of wealth. Here, a point raised by the Mahan can accurately be understood that Sea is like a body, those parts which are fully and properly supplied by 'blood' of the trade are prosperous while other neglected parts remain starved, withered away or atrophied. In a detailed account it can be said that the states and the nations are like the human bodies particularly the maritime nations and the states which are purely dependent on the Sea borne trade and Sea communications. In order to obtain and maintain the export production and national prosperity such states are dependent on Sea commerce and Sea communications which can easily be hindered by the 'arterial blockage'. By keeping in mind the above reasons, it can be considered that even the strategic driven for, the Sea Power is not belligerent, aggressive and offensive in nature however essentially defensive, in order to ensure the freedom of navigation and the uninterrupted working of the international economic system. Therefore, he intended to mention the maritime international economic system as a 'wealth-generating machine' which would result into an influential power. He projected that global trade would be more imperative in future and

the international economic system would be ascertained for more vulnerable to disruption, ultimately highlighting the greater potential of the maritime trade and the Sea power.

CHAPTER 5

MEASURING MILITARY BUILD UP OF CHINA

Growing economic and strategic needs have enforced countries to equip their militaries with modern technologies, to cope up with the upcoming unique threats and to secure the economic interests within the region as well as across the world. China is one of those countries, who are modernizing and developing their military to meet with the new security challenges. Although, China has already world's largest force in terms of man power however, it is further striving to develop and equip its army in wake of changed nature of threats. Initially more focus was on modernizing Army but later Navy became the most significant force of China. In this regard, The Gulf War 1990-1991 played a crucial role in awakening the intellect of insecurity and vulnerability, in which the US technological advancement and the sophisticated weapons made the Chinese officials realize the diffident nature of technology and military equipment of People's Liberation Army (PLA). After the Gulf War, Chinese strategists settled the essential nature of military science and technology as a great contributor to national power (Shambaugh, 1999-2000). So, China became focused to develop its defense capabilities, however since 1980s they were in a preparatory phase, to develop the Navy with a focus on improving mainly three pillars: torpedo boats, land based aircraft and submarine. In order to have a detailed study of China's current military status, there is need to look into military buildup in the existing political and defense structures. Military buildup has been analyzed through two prisms; first one is the public strategy which is consisted of CPC (The Communist Party of China), proceedings announced at

the end of CPC congress after each five years while other one is the official strategy announced by government itself in form of white papers.

5.1 Public Strategy on Military Development: 17th, 18th 19th Congress of Communist Party of China

5.1.1 17th CPC (Communist Party of China) Congress 2007 and Priorities for Military Modernization:

According to 'The Law of the People's Republic of China on National Defence', under the article 19, the Communist party has been given the right to control the defense. Under the articles of 29 and 93 of Defense Law, Central Military Council (CMC) and Central Military Council of the Communist Party of China (CPC) were established and both Councils were put under the chairship of the President who actually was the General Secretary of CPC of Central Military Council. Thus both government body and armed forces were integrated to take control of armed forces on behalf of the government (The White Paper on China's National Defense, 2006).

Since 2004, urge to develop the People Liberation Army (PLA) as an integrated unit started during the era of President Hu Jintao. Soon after that, training programs got started in Beijing and Shenyang military zones for personnel training. Publically, it was adopted during the 17th Party Congress in 2007, since 2009 onwards, it was extended to the all sections of PLA and the military leadership claimed that reforms would be made in accordance with the directions adopted in 17th Party Congress. Basically, during the 17th Congress, challenges were identified in rising military, civil-military relations, to leadership of CPC along with the identification of major transformations in the modern warfare in which technology was more involved than the traditional warfare, along with

competence in person and technology (17th National Congress of the Communist Party of China (CPC), 2007).

5.1.2 18thCPC (Communist Party of China) Congress 2012 and Priorities for Military Modernization:

During the 18th CPC Congress, it continued to focus on control and guide the armed forces, during November 2012 a goal was set 'to give full control over the armed forces', which in fact was the continuation of previous goals and policies. Immediately after the Congress meeting, reshuffling was made at the high level and Xi Jinping was designated as a chairman of the CPC Central Committee's new Military Council, who was already working as General Secretary of CPC Central Committee. National security and unity were identified as the key interests to protect the mainland and sea borders along with the aerospace. PLA was declared at a historical mission to perform its strategic goals via promoting peace and stability, by engaging at various fronts to meet the threats of domestic and global nature, aimed at developing the capabilities at economic and geostrategic fronts by making it as the part of social growth. Meanwhile target was made on combining the art of war with information and technology for further innovations along with strengthening personnel efficiency through military and diplomacy, by increasing military contacts with other nations (The 18th National Congress of the Communist Party of China, 2012).

5.1.3 19th CPC (Communist Party of China) Congress 2017 and Priorities for Military

Modernization:

The 19th Party Congress in 2017 was again the continuation of 18th Congress policies with the same leadership, with innovative vision at home and across the globe. According to strategists, main three things were identified during the 19th congress regarding the military 1) enlargement and efficiency of professional personals, 2) structural reforms along with professional reforms from top to down, 3) efforts to expand security concerns abroad particularly in context of Belt and Road. Meanwhile, it was aimed to develop an internationally standardized Navy by the mid of 21st century. However process of mechanization would be achieved till 2020 while development of defense and all sections of armed forces would be completed till 2035, with a strong message to opponents by Xi Jinping that “China will never develop itself at the expense of the interests of other countries” (NPC 2018: China is no threat to other countries, says Xi Jinping, 2018) “China’s development will not pose a threat to any country... China will never seek hegemony and never engage in expansion” (NPC 2018: China is no threat to other countries, says Xi Jinping, 2018) (The 19th National Congress of the Communist Party of China, 2017). Besides that, it concluded that PLA has a target of a global top tier military by 2049.

5.2. Official Strategy on Military Development: White Papers

5.2.1 The White Papers of China

White paper is an official report or document issued by a government to give various information and proposals or the elaborations of the future strategies about a complex matter. White papers are published to represent the government position, policies and the proposals

regarding a certain issue. China has started to publish its defense white papers with the name of 'China's National Defense' since 1998 while current one in 2015, is serving the best purposes of military strategy as it was given the name of 'China's Military Strategy', CMS. Up till now nine white papers have been published. Published last three white papers have been analyzed in this chapter for the purpose of gaining clarity regarding the overall policies and defense strategies.

5.2.2 The 2010 White Paper

The white paper issued in 2010 basically was the acknowledgment of the changing strategic environment, focus was made on urge for stability and to enhance China's ability to respond the unstable conditions, either political or economic, in the current era of competitive growing military strengths (China's National Defense in 2010, 2011). It was acknowledged widely that current world system is under way to immense economic and political changes which would ultimately lead to changed world order. Balance of power is changing under transitory forces, most of which are economic thus economic globalization is fostering and getting further progress. New realignments have been taking place in International Relations. At the same time, international security has become more complicated by entering into a strategic competition in which developed and developing countries are equal participant, by making local and regional flashpoints as the recurrent themes. World economy still is under the influence of financial crisis, it needs a recovery as it is still fragile and imbalanced. New security threats postured by non-traditional elements like climate change, insecurity of information, economic insecurity, nuclear proliferation and terrorism, are significant and taking world attention to combat these threats, by joining hands with domestic security. Military competition is increasing in face of traditional and nontraditional threats; great powers are marching for strategic realignments by making reforms

and equipping themselves with advanced and sophisticated military technologies to meet the requirements of modern warfare. At the same time, many developed states have programmed the means for worldwide assaults including cyber space, outer space and the Arctic Regions. Growth at security level has also led to proliferation of weapons and particularly the weapons of mass destruction. The necessity for a comprehensive defense along with the ability to outline a certain framework for global non-proliferation mechanism was assumed to be developed (China's National Defense in 2010, 2011).

5.2.3 The 2013 White Paper

The 2013 White Paper on National Defense titled 'The Diversified Employment of China's armed Forces', took different positions on various issues as compared to previous white papers. It was a comprehensive strategy paper with details of each military section, mentioned with the structure of each military branch including the assessment of personnel. Besides that, all the branches of forces including the R&D investment were also highlighted as the capabilities related to operations. In that white paper, China's rise as a peaceful development, its place in the world system and the view of itself was also discussed. It was mentioned clearly that China is pursuing an independent foreign policy along with a sovereign national defense policy, which is peaceful and defensive in nature. It was clearly mentioned that China would oppose any kind of hegemon and would follow the rule of noninterference in others matters. Besides that, it was mentioned clearly that China would not enter into any military expansion program or would not behave in a hegemonic way, rather would prefer an international order based on mutual gain, mutual trust, coordination and equality. The ultimate goal behind the modernization drive of China's military is the same, to pursue a national defense in wake of new security threats and developments. Thus the security forces of China provide a guarantee for national

defense and make its contribution to maintain the global peace and stability (The Diversified Employment of China's Armed Forces, 2013). Few key areas were focused as a future strategic goals working behind the modernization drive.

- To safeguard national security, integrity, sovereignty to support the peaceful growth
- In face of on-going conditions of military preparedness and information and technology to enable itself to win a war.
- To frame a certain comprehensive strategy to operate in Military Operation Other Than a War (MOOTW)
- Widening and strengthening the cooperation at global level to fulfil the global norms
- To operate in accordance with the policies, disciplines and the laws (The Diversified Employment of China's Armed Forces, 2013).

5.2.4 The 2015 White Paper

During 2015, China issued a defense white paper titled 'China's Military Strategy'. This white paper was with the most comprehensive, detailed, encompassing altogether the strategic goals. It also discussed the China's military to military relationship with other major players, with an emphasis on 'Active Defense'. Along with the discussion of strategic environment, priorities of Chinese interests and concerns of regional as well as global players, including the US arising out of those priorities were also mentioned.

According to the paper, China would firmly believe on developing its military, in order to fulfill the Communist Party of China (CPC), goal for an active defense to meet the challenges in diverse situations, to safeguard the national integrity, sovereignty and peaceful rise. It would also provide a strong guarantee to achieve the goal of “two centenaries” which would lead towards a great period of transformation of the Chinese nation. There are chances for immediate and potential level threats in presence of religious conflicts, ethnic conflicts; however China will move in face of strategic opportunities favorable to China at global level while at domestic level, living conditions are suitable for a stable society. China as a developing country still faces a complex nature of threats including the traditional threats as well as the nontraditional. To safeguard its territorial integrity and national unification, economic development interests have been considered the most striking tasks (China's Military Strategy, 2015).

Regional forces are active in line with shifting of economic and strategic balance within Asia pacific; the US has started its ‘rebalancing strategy, Japan is also framing its military policies and capabilities. Such policies and onward developments have caused grave concerns for the other regional states. Regarding China's maritime claims many offshore states are showing grave concerns along with proactive action even with the their military presence, meanwhile other outside powers are also meddling in maritime dispute mainly in South China Sea against China. Thus, it has been a long perpendicular chore for China to secure and safeguard its maritime interests. At the same time, few land border issues are also flaming seeking China's attention.

North East Asia and Korean peninsula are posing threats to make the region instable with uncertain strategic environment. Such circumstances along the periphery of China are putting

negative impression on China's security. Taiwan's unification is very significant for Chinese national rejuvenation, however cross strait relation and separatist activists are posing direct threat to China's security, process of development and unification. Meanwhile other separatist movements including, "East Turkistan independence" and the "Tibet independence", have never given up their efforts to narrow down problems for the state. Hence, here is the list of threats and challenges to national security of the China at domestic front along with list of threats to its overseas interests, development interests, and energy interests including the security of Sea Lanes of Communications (SLOCs) (China's Military Strategy, 2015).

After discussing the Revolution in Military Affairs (RMA), white paper debated the countries and the revolutionary changes in military institutions which are using technological advancements. In the wake of above discussed strategic environment, China has started to modernize its military to meet the criteria of the 'new situation' which demanded for the application of 'a set of strategic concepts of active defense' (China's Military Strategy, 2015) which includes

- Observance of strategic defence along with operational and tactical offense.
- Ability to adhere with basic values of defence, power for self-defence and post to preemptive strikes
- And finally to belief firmly that "We will not attack unless we are attacked, but we will surely counterattack if attacked" (Full Text: China's Military Strategy, 2015, p. 1), this was promised in 2013 as well as in 2015 White paper.

The strategy of 'Active Defense' was initiated immediately after the independence in 1945, when the Central Military Commission (CMC) launched military guidelines, later on in 1993 the military guidelines were outlined to the current strategic circumstance, for winning the local wars in line with modern technology. Afterwards, in 2004, guidelines were verified and strategies were initiated to win the local war in the era of information and technology. Thus China's communist character, core national interests and the ultimate goal of peaceful rise all are in demand for pursuance of 'Active Defense' directed by the national security strategies needed for the 'new situations and circumstance'. Thus a comprehensive approach would be taken up by China regarding the preparation of war, along with prevention of war, maintenance of stability, deterrence, and ability to fight a war in wartime and engagement of military forces in the peace time Peoples Liberation Army would play a role of subordinate in application of a comprehensive approach to strengthen Preparation for Military Struggle (PMS) to prevent crises, to serve the purposes of deterrence and to win wars by providing a strategic environment for peaceful rise and to pursue a national policy defensive in nature. Meanwhile, to create a balance between the interests, either territorial or the maritime interests and maintenance of stability along the periphery, concurrent steps will be taken and ensured. In order to take initiatives in military struggle, proactive plans will be focused to grasp the military opportunities for the growth of military reform and development, to operate against the competitive forces. In order to overcome the serious and complex scenarios, serious preparations will be made along with improvement of professionalism, ability of troops, strict discipline and the fighting spirit by increasing security cooperation, military relation with other main powers to develop a stable regional framework to enhance further regional cooperation (China's Military Strategy, 2015).

5.3 Why Military Development

5.3.1 Military Development as a Response to Changing Power Dynamics

Since the restoration of domestic order and Beijing's response to the changing power dynamics globally, particularly in the Post-Cold War period has given an assured message to the authorities that strong military is an essential part of national power. Military development in China includes all the sections of forces like Peoples Liberation Army, Air force and Naval force with all types of advancement and equipment (Zudian, 1999). Current leadership of China and particularly the President Xi Jinping is making history by developing and unifying all the sections including Navy, Military and Air Force under a joint command system to play a significant role at domestic front and the to meet the interests at global front (Mathieson, 2016).

China is spending more on military modernization; there are a lot of reasons behind the China's modernization drive however few factors are more prominent in identification of those reasons. These factors are identified even by the China's official announcement of military strategies reported in white papers particularly the current detailed white paper, published in 2015. The factors behind the drive of military modernization can be many as follows:

5.3.2 Neighboring Threat

Since China is the only country who shares its borders with the maximum countries, i.e., almost fifteen, few of them are considered hostile for Chinese interests in terms of security, including India and to some extent Japan and few countries from South East Asia, who serve the US interests. While few are considered significant and can pose a threat to regional security, in

case of any conflict with other states besides the China, including Taiwan, North Korea, Pakistan and India. Along with many issues arising out of these countries, presence of the US in region is also considered a challenge for security framework of the regional security.

5.3.3 Military modernization as a need of Time

It is said that PLA is an Army with least global exposure as they have refused to participate in alliances and military exercises (Joffe, 1999). They not have fought wars, so they do not have any direct experience of modern weapons and technology. On opposite side PLA has a doctrine 'to become a high-tech military', with a capability to coup up with all sorts of domestic and global dangers along with projection capability of land, air and maritime power. Besides that to enhance the nuclear force modernization, ballistic missiles, cruise missiles, electronic countermeasures, information warfare, antisatellite weapons, laser and other precision guided munitions. However the main hurdle was the military leadership based on officers with least exposure to all kinds of latest technologies and military doctrines. Meanwhile there forms made at various level, increased military diplomacy along with establishment of bases has paved the path for foreign military exposure. There are many personals who have international exposure, have spent their time abroad, know the foreign languages, and can work in close collaboration with PLA leadership. however so far PLA overall has no experience to combat.

5.3.4 New Regional Role

China is gradually emerging and its emergent status with the new engagements at multiple levels in demand for a new regional role that China is dreaming for, after a century of foreign intervention and exploitation embedded with a series of internal conflicts. In the changing power

dynamics, the role of emerging China is very significant and the nation is keeping an eye on those states with the same lenses with which these states are looking at China.

5.3.5 China Going Global

Due to significant growth at multiple level China is securing the status of a regional power and heading towards the global position based on following things: Various engagements at global economic level has given China more weightage and momentum at global level, increased momentum is directly proportional to engagement at multiple policy making institutions at global level. The rapid growth of trade in three decades as well as the dependence on resources and commodities, have made significant interests to secure the supply of inter-state trade. Hence, it is necessary to equip itself and at home and abroad to meet any sort of danger.

5.3.6 Changing Dynamics of Warfare

Modern warfare and the technological advancement are demanding to make changes in military parameters which are known by the West as the ‘Revolution in Military Affairs (RMA)’. Modern technology used in the Gulf war, which had an intense impact on PLA and the PLA leadership was highly impressed by the accuracy of smart weapons prosecuted from a long distance without any direct confrontation with the enemy. It was a very unique and disturbing notion of war with smart weapons to combat the enemy without his listening and hearing power. The advanced technology of smart weapons led PLA concerned for their future vulnerability of defense especially for their capability to deal with incoming smart weapons as is depicted in their statements.... “In the future, we will be faced mostly with an enemy who uses advanced smart

weapons and long range precision guided weapons" (Michael E. Brown, 2000, p. 112) (Weidong, 1999). For PLA, NATO's sustained strategic bombing was also a surprising factor because after destroying of their core command and control known as C4I (command, control, communications, computers and intelligence). It continued a persistent bombing with a great operational great tempo. So for PLA analysts, it was more necessary to make hard and better C4I system for future against any potential threat. The widespread use of space based sensors along with satellites and the advanced weapon systems like laser guided precision munitions and direction finding devices remained a particular matter of focus in the urge of military development. The display of satellite guided bombs, microwave bombs, exclusively efficient with capability to destroy electronic equipment, missile seeker targets, computer networks and data transmitters have also being made the part of PLA during the development. A similar philosophy was envisaged in military buildup especially in naval build up in case of any potential threat against Japan and the US (Winterford, Interviews with PLA attaches Cited in Chinese Naval Planning and Maritime Interests in the South China Sea: Implications for U.S. and Regional Security Policies, 1993). By realizing the new world order, China initiated a new role in the region that can enhance its own regional influence along with restraining the US. The new role can be adopted by modernization and up gradation of the Navy including all its geostrategic, political, economic aspects and by incorporating the role of Sea in historical perspective.

5.3.7 US Partnerships in East Asia

Beijing is of the view that the US is opponent of China's reunification or 'the One China Policy' and strives to keep separation permanent. At the same time, Chinese take the US alliances in East Asia a zero sum view that, either the alliances are for some explicit enemy or have no reason to

be sustained. Alliances to preserve stability and deter aggression are alien to Chinese realpolitik thinking (Shambaugh, 1999-2000). In East Asia, alliances like ‘US-Japanese alliance’, ‘Peace Partnership for Central Asia’, ‘Reactivation of Five Power Defense’ ties with Australia, Thailand, Philippine and Singapore are the matter of great concern for China as a containment of China by the US and subsequently to separate Taiwan from China.

5.3.8 The US-Japanese Military Relationship

China is seemingly concerned about the US-Japanese treaty as it is taking shift from local to regional level, and changing from passive to active defense. Japan’s new strategic interests are also significant because of the shifting of alliance from the north (Russia and Korea) to the west (China) and the south (ASEAN) (Yang L. , 1996).Many reports and other analyses are highly significant regarding Japan’s new geostrategic strategy particularly its covert nuclear plans. Further Japan’s reviewed relations with the US like the US-Japan Mutual Security Treaty (1996) and Defense Guidelines (1997) (Taishan, 1997) and the Four-Year National Defense Buildup Program (1995) also show Japanese assertive ambitions. Most of the strategic analysts believe that Japan is an important pillar of the US foreign policy to contain China. Same is observed by PLA National Defense University expert “the common strategic goal of the US-Japan relationship is to contain the ‘China threat ‘the newly strengthened alliance allows the United States to use Japan to restrain the growth of China” (Emma Chanlett-Avery, 2016, p. 2) (Koga, 2017).

5.3.9 Shifting of Economic Power to Military Power

Huge economic power always leads towards strong military matters; as economic growth leads towards military modernization. During 2016, China’s GDP was at \$11.4 trillion (based on the official

exchange rate), though its purchasing power parity (PPP) was \$13.8 trillion. In order to secure more power and prosperity, China has taken many steps at inside and outside while pursuing its 'national interest'. China has normalized its relations with Russia by entering in different treaties like nuclear non-targeting agreement (1994) and an agreement to prevent accidental military incidents (1994) and demarcation of border dispute. Thus China is enjoying most peaceful environment since 1949 by settling its long lasting disputes with enemies however at the same time China has engaged its Military in a state of preparedness against various insecurities and potential threats (Shambaugh, 1999-2000).

5.3.10 Future Military Contingency

After a deep analysis of Chinese publications and other literature, it can be concluded that so far the US military power is the greatest threat for PLA along with Taiwan, Korea and Japan. The US is taken as a threat due to its hegemonic, expansionist posture after the Cold War .This position is conceived on the following basis: the control of international trade and monetary system, a philosophical movement to promote democracies and subvert states who oppose the US foreign policy, an increase in intervention on humanitarian grounds and dispatch of the US military peace keeping forces overseas (Winterford, Chinese Naval Planning and Maritime Interests in the South China Sea: Implications for U.S. and Regional Security Policies, 1993). At the same time, the strengthening of old military engagements and building of new military coalitions, security partnerships, an increased willingness to use military coercion to pursue political and economic goals, direct military involvement in regional conflicts, the pressing of arm control governments on weaker states, the control and influence on regional multilateral security organizations are the clear signs for future contingency.

According to PLA scholars that “United States has been expansionist since its birth” according to another scholar ‘just because America’s hegemonic behavior is understandable from historical perspective does not mean it is acceptable” (Shambaugh, 1999-2000, p. 62). However PLA analysts also believe in shifting cycles of rising and falling hegemons because the fall of hegemons always happened due to their unfair aggression and countervailing balance of power by the other nations. According to China, a multipolar system is necessary and need for time to keep a check on actions of the US. According to many Chinese scholars emergence of multipolar system is necessary which will put the US allies into conflicts and confrontation like Japan. This thought is very much common in Chinese academia like the system of multi polarity but it’s a wishful thinking rather than an objective one.

5.4 China’s Military Expenditure

To equip the PLA with modern technology Chinese government started to increase the defense budget since 1990s for the fourth year in a row, and it gradually elevated in the coming years, currently it falls as the second largest in military expenditure across the world despite of budget deficit. To report the military expenditure is not compulsory for all the states instead a voluntary act by the states. So it is up to the states to report their military expenditures up to which level, few countries report a detailed account of their expenditure, by breaking it down into various categories, however others, just the total of all categories. Defense budgets are the significant indicators to detect the relation of states other organs in relative comparison with armed forces. Besides that, military budgets are also considered significant in comparison with the total budget of the state and it’s GDP. Like other states, China also provides its military

estimates each year however it is assumed that China's actual military expenditure is much higher than the official estimates with the minimum description of spending details. So, there are many issues in calculating Chinese military spending, relative to other states. However, it is sum of all estimates that China's overt as well as covert military expenditure is on rise.

Department of Defense (DOD) has estimated in 2002 that actual budget of China is four times higher than the budget officially is announced by the Chinese government (Bitzinger, 2017). Here lies the matter of transparency, although an increase was observed but it is still not clearly stated and recorded.

Table 3. Defense Budget of China

Year	Official Defense Budget	Estimate made by IISS	Estimate made by SIPRI
2013	116 bns	162 bns	183 bns
2014	131 bns	180 bns	200 bns
2015	142 bns	193 bns	215 bns
2016	143 Bns	197 bns	215 bns
2017	150 bns	Not available for far	228 bns

Source: (The SIPRI Military Expenditure Database catalogs countries' military spending from 1949 to 2017., 2017), IISS and China official database.

According to SIPRI, during last one and half decade, China has increased its budget fivefold. Rise in military expenditure is usually associated with the GDP, as both are the directly proportional to each other. During the last decade, Chinese economy grew by 950% however it remains steady 2% of

the total GDP but with a gradual rise (Bitzinger, 2017). Although military budget did not increase relative to GDP, however military expenditure has elevated in other disciplines including military modernization programs, military procurements along with doctrinal and strategic changes within PLA.

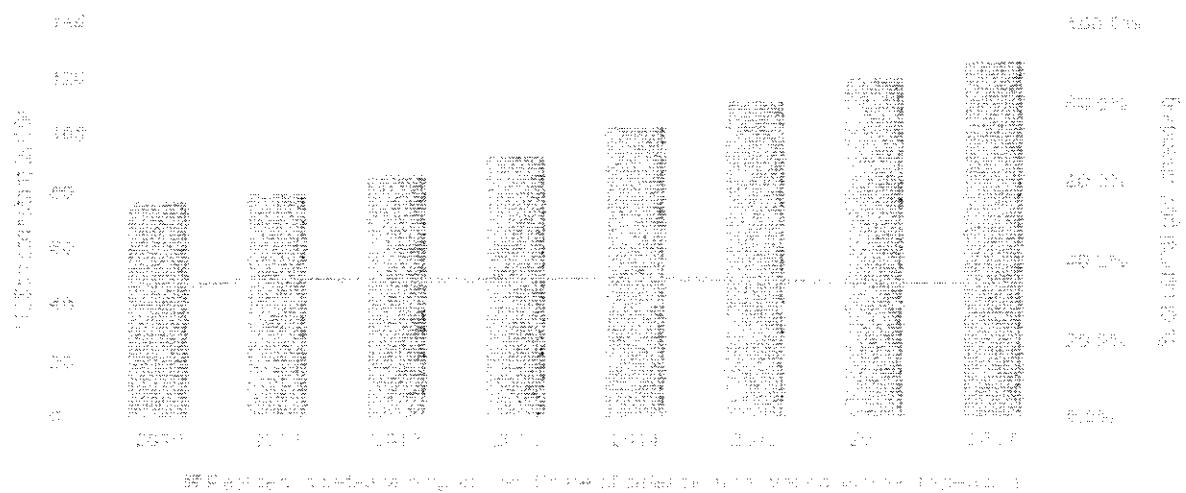


Figure 36: Defence Budget of China

Sources: (China Statistical Year Book, 2017), IMF, World Economic Outlook database, Military Balance by IISS.

5.5 Current Military Structure Based on 2015 White Paper

White paper of 2015, on national defense gives a detailed overview of China's policy of national defense.

5.5.1 Peoples Liberation Army (PLA)

Regarding the People's Liberation Army, it was mentioned that in accordance with strategic requirements, it would continue to work for mobile operations as well as for the multidimensional

offense and defense from Theater defense to Trans Theatre mobility. It will develop itself into small units to work more efficiently, to perform the tasks in different regions by developing its ability to combat with competitive force. It will construct a force for joint operation to carry out multiple functions from precise, multi-functional, Trans Theater with a sustainable operational capability (Chapter Six: Asia, 2017). The changes were also made for the reduction of seven, Military Regions (MR), to Five Command Theaters (CTs) along with the changes at unit level. The organizational and structural changes also aimed at downsizing of personnel till 2017. Seven headquarters were also reduced to five, East- Nanjing, Southern-Guangzhou, Western Chengdu, Northern- Shenyang, and Central-Beijing by downsizing Jinan and Lanzhou. Downsizing was made to improve the performance by reducing quantity and enhancing quality.

5. 5. 2 New Military Commands

5.5.2.1. Northern Theatre Command:

Which is composite of northern theatre of ground forces with three Groups of Army included 78th, 79th and 80th along with North Sea Fleet, Naval Aviation and Northern Theater Air Force.

5.5.2.2 Central Theatre Command: It is consisted of Central Theatre Ground Forces, along with

Central Theater Air Force and other forces.

5.5.2.3 Western Theater Command: Western Theatre of Ground Forces along with Theater Air

Force and other forces.

5.5.2.4 Eastern Theatre Command: Which is composite of Eastern Theatre of Ground Forces along with East Sea Fleet, East Sea Fleet, Naval Aviation and Central Theater Air Force

5.5.2.5 Southern Theatre Command: It is composite of Southern Theatre of Ground Forces along with South Sea Fleet, South Sea Fleet Naval Aviation, South Theater Air Force and others. (Chapter Six: Asia, 2017)

Old and New Military Regions of China

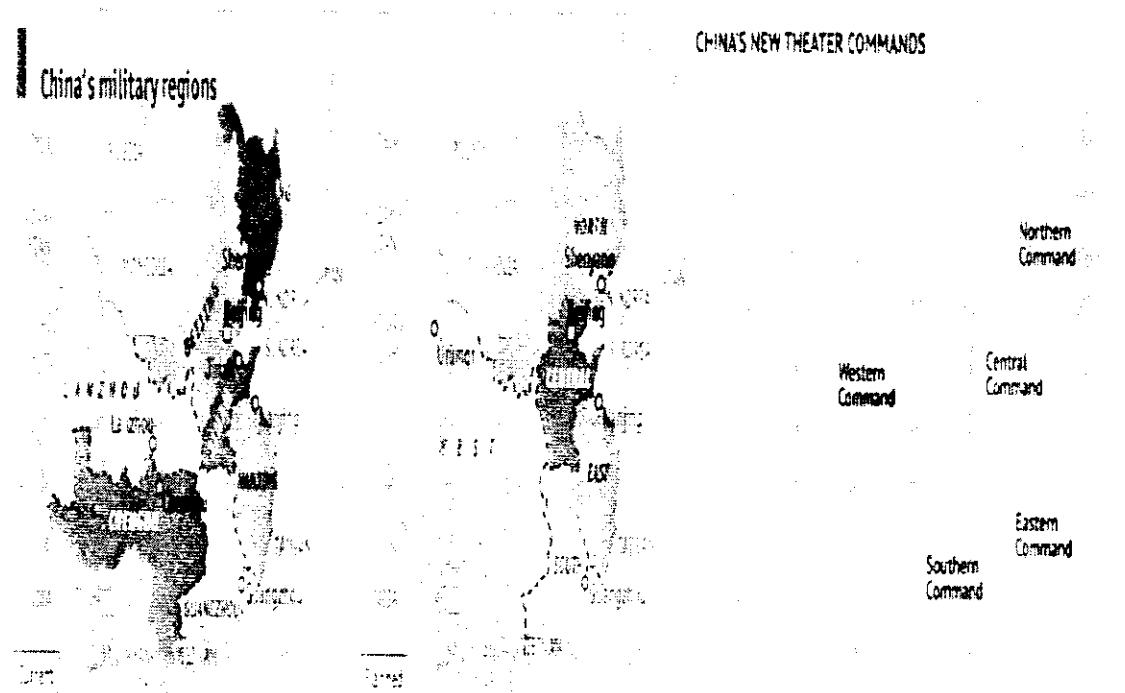


Figure 37: Old and New Military Theatres

Source: (For the Chinese Military, a Modern Command System, 2016).

5.4.2 Estimate of Military Personnel of PLA

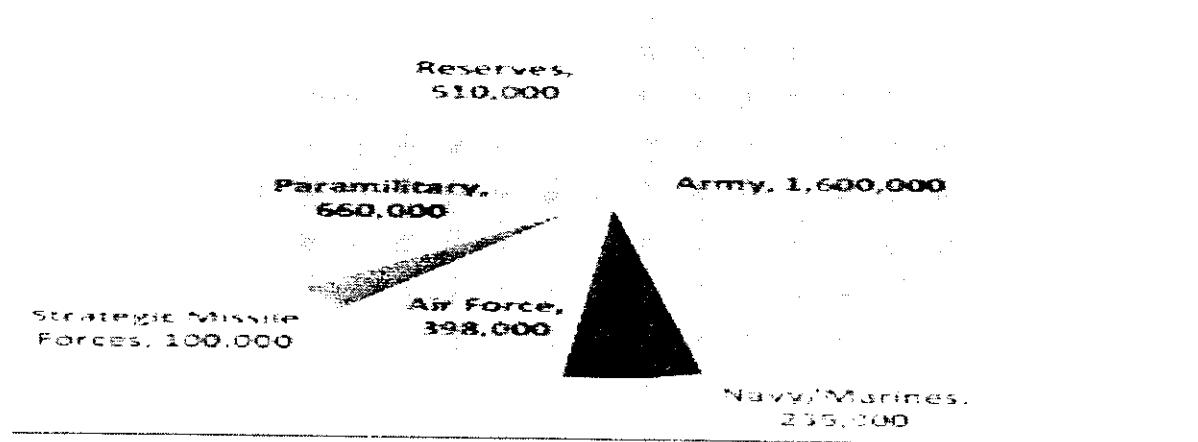


Figure 38: Estimate of Military Budget in PLA

Source: *The Military Balance*, ISS

Along with downsizing of PLA personnel, reorganization of military command and restructuring of military regions, most focus has been directed on modernization of equipment to respond the new trends of modern warfare which have been discussed below:

- C4I - In this regard, C4I which is about 'Command, Control, Communications, Computers, and Intelligence' has been emphasized more for future operations to transfer the information, processing and onwards decision making. Further PLA is also making systems of automated command like the Integrated Command Platform (ICP) more advanced in order to make it useful for multi-service communications compulsory for joint ventures.

- Besides that, PLA is also being strengthened for intelligence and for collection of data and the potential for Offensive Cyber Operations (OCO). Not only the ability for Offensive Cyber Operations but also the ability to stop and slow the adversary's actions.
- A serving force- multiplier bounded with dynamic attacks during the peace times or the crisis (Annual Report to Congress: Military and Security Developments Involving the People's Republic of China, 2015). Besides building capabilities, reforms and modernizations in above mentioned fields, PLA is also concerned for the developments of other security domains including;
- The seas and oceans, to overcome the traditional mentality which outweighs the sea on land. For China to develop and secure the seas and oceans is necessary for the multiple reasons.
- Alongside development of the space forces and the instruments to save its social development and the national economic interests, by making the assessments about the challenges and threats within the Out Space.
- Meanwhile China will continue to maximize its nuclear interests, by improving the strategic warnings, rapid reaction, missile penetration, survivability, structure of the nuclear force to the ability to deter the adversary by threatening them.
- In order to carry out all the strengths, there is need to develop them upon few concrete foundations which can only be found in ideological foundations and ultimately the political domain , for the same purpose 'Core Socialist Values' will continue to work . In

this regard connectivity with the CPC central command would provide efficiency and connectivity to work in collaboration.

- However a significant development would also be carried out with the passage of time and that is about the self-sufficiency in logistics and weapons as so far China was heavily dependent on the import of arms however various programs have been initiated to achieve self-sufficiency.

Besides that, particular emphasis was made on establishment of Air Brigade and Airborne corps. In order to carry out the functions of an efficient air force, PLAAF would build its capabilities for both defensive as well offensive purposes and from a territorial air defense to ability to conduct offensive operations to meet the new geo strategic requirements by boosting its command over early warning to countermeasures including the air and missile defense. The wave of military modernization has profound impact on PLAAF as well during 2015, Chairman of CMC suggested organizational and structural changes in PLAAF.

5. 4. 5 Chinese Naval Strategy

Current Naval Strategy is the continuation of Chinese ancient naval strategies which was for defensive and trade purposes. Mao's Naval Strategy was for the defense but as soon as Liu Huaqing, took charge as a naval commander (Winterford, Chinese Naval Planning and Maritime Interests in the South China Sea: Implications for U.S. and Regional Security Policies, 1993), his experience as an expert at naval research and development during 1960s and 1970s helped him to transform the Naval Strategy from defensive to offensive one. So he adopted an offensive strategy to be active into 'Green Waters' and to be equipped to sail into 'Blue Water', in other words to

develop a navy from defensive to offensive purposes. Thus Liu's strategy for a defense far from the inshore waters was opposite to Mao's strategy, which was only for defense (Dellios, 1992). For the same reasons, China's current strategy can also be called as an active defense.

According to few experts the notion of the 'Green Waters' or offshore waters was also given strategic meaning to hold the control of maritime territory from Vladivostok in North by sweeping past Japan and the Philippines to the Straits of Malacca in South, consisted of an area more than 1000 nm from Chinese main land.

In order to control the above mentioned area, Chinese policy to control the surrounding seas is also beneficial not only for naval supremacy but also for peace times to serve economic purpose. Economic purposes are also twofold to get protection of coastal cities which are trading hubs and to secure the maritime routes for transportation. Gradually the Chinese naval strategists have evolved the notions that the traditional, defensive oriented protracted strategy of 'peoples war' (military doctrine) in defending China from a general invasion is not suitable for offensive oriented warfare (military strategy) under the new local war strategies where campaigns are designed to win quick decisions'. (Huang A. C.-c., 2018).

On the basis of same notions the Central Military Commission (CMC) in 1988 emphasized on 'first unit a rapid action' with the capability to work within 13 to 19 hours, marines were also included in that unit as an integral part (Winterford, Interviews with PLA attaches Cited in Chinese Naval Planning and Maritime Interests in the South China Sea: Implications for U.S. and Regional Security Policies, 1993). Earlier, PLA Navy was ignored due to several reasons: the bloody civil war between Communists and Nationalists and the stubborn anti-Japanese war from the late 1920s to 1949 and these both were land based wars (Dellios,

1992). Besides that, even in onward decades; the Korean war in the 1950s, a major border conflict with India in 1962, the enduring Sino-Soviet and a border war with Vietnam in 1979 were all land based so there was no question to enhance the navy. Further even leadership was also less interested in modernization of Navy.

Initially, in 1949 when Navy was established, it was only a coastal addition to the ground forces. At that time Naval disputes were ordinary and small scaled. It was developed for only defensive purposes with improving three pillars, 1) torpedo boats, 2) land based aircraft, 3) submarine. Even for next three decades, it remained in low ranks of military priorities (Timothy R. Heath, 2016).

Gradually a time came when China started to engage itself in naval operations, one of them was the liberation of Hainan Island from Nationalist forces in 1950 and getting control of the Paracel Islands from South Vietnam in 1974. Although the US Seventh fleet off the Chinese coast was there in 1950 but no threat for Sea invasion was felt from that fleet except for a nuclear bomb. After living in decades of backwardness PLA Navy was forced to develop itself after many critical developments and one of those was the growth of Soviet Navy, that took a status from a regional to blue water Navy which led to Chinese –Soviet confrontation into the maritime Sea. Besides that, it also became a threatening factor to seaborne trade, emphasis on expansion of maritime operations, by Soviets started to extend towards the South East Asia in form of establishment of ports in Vietnam at Cam Ranh Bay and Da Nang. Visibility and encouragement was also received from Paracel's operations in 1974, in South China Sea along with Soviet-US strategic rivalry regarding maritime activities (Winterford, WINTER 1993).

Navy got its fortune in 1976 when Deng Xiaoping took charge of PLA general staff in 1974 and administered the Paracel's operation himself and became aware of Navy's meager state. In 1979, he set the goal to build an advanced and well equipped Navy with combating capabilities not only for primary duties of coastal defense but also to be capable to sail into blue waters.

Liu adopted a strategy for offense, to be more active into green waters and to be equipped to sail into blue water in other words to develop navy to take its journey from Passive to Active defense. This strategy was also given strategic meaning, and it was supposed to hold the control of the territory from north to south consisted of an area more than 1000 nm from China's mainland. In order to achieve its goals, China is empowering its navy which is categorically into different phases, given below;

- Phase 1, is to develop rapid response sea force with technological advancement including aircraft, warships and submarines.
- Phase 2, to become a global force by developing its sea and to accomplish the advanced equipment, which would be obtained or developed beyond 2020.
- Phase 3, capable of winning the war power during a naval war in competition of any other Navy (O'Rourke, 2009).China currently has achieved the first one, now striving for the second and third.

In a detailed defense white paper of 2015, it was mentioned that to fulfill the strategic requirement PLA Navy (PLAN), would enhance its capabilities from an 'offshore defense' to defense at 'open seas' and with a capability for 'open seas protection', in order to protect its seas

by engaging all its components to create an efficient combat force for peace as well as to operate in war times. Currently, China has launched an aircraft Carrier in Liaoning, which has conducted its First Live Fire Exercise (FLFX) in Bohai, along with flying operations in the South China Sea. PLAN, is basically trying to take a shift from training experience, to a regional power projection capability which require to operate independently in coming years .For the same purpose, it has launched the First type -055 Carriers. Meanwhile, Naval Shipbuilders has launched various projects for indigenization of aircraft Carriers including nuclear submarines, satellite navigation system, and high performance computers. The significance of naval operations for future can be seen in the recent deployment made by Central Military Commission (CMC), which has also reduced its number from 11 to 7.Recent deployment was made in Southern Theater Command which includes the responsibility of South China Sea under vice Admiral Yubai , and this was the first time that so significant command was given to non-ground force commander (Chapter Six: Asia, 2017). This command can be seen in wake of changing security dynamics along with the increasing maritime activities under ‘One Belt One Road Initiative’.

5.7.1 China’s Military Diplomacy as a Pillar of Military Modernization

With the passage of time, China’s role in global military diplomacy has taken a rise with a great threshold from the UN peace keeping activities to disaster relief, anti-piracy and humanitarian assistance (Bitzinger, 2017). China is one of the third largest contributors to regular budget of UN while it is ranked as second largest for providing peacekeeping budget. During 1998, the numbers of soldiers serving in UN were only five, during 2015 it rose to 3,084 while currently it has been serving UN by providing 2,500 personnel, highest amongst all permanent members (IPI Peacekeeping Database, 2016). According to Chin-hao Huang and Bates Gill,

China's growing interest in UN peace keeping is based on three reasons 1) to gain a harmonious image of China, 2) expansion of non-combat operations for Chinese forces, 3) to get an experience by participating into various combat and noncombat activities (Huang, 2009). As a part of Military Diplomacy and with increase in its economic and military interests aboard, China is setting bases to safeguard its interests. In this regard, China has established its first ever naval base in Djibouti in the Horn of Africa. Base in Djibouti is the base which was financed primarily by China, costing US\$590 million; the base was formally opened on August 1, 2017 the day of founding Chinese Military. The first live-fire exercise or LFX are conducted on September 22, 2017 with 4,000 US troops are stationed on the base (Becker, China's First Overseas Military Base: A Conversation with Erica Downs and Jeffrey, 2017). The reasons to have a base at Djibouti are multiples, the utility of having permanent place for their nationals as currently China has shifted its people from Yemen to Djibouti, then to have stable country in unstable region, close to Indian Ocean which is vital for Chinese maritime trade, against piracy in Gulf of Aden (C., 2018).

In a White paper published in 2000, it was announced that China would not hold a base in another country like the United States however current stance is shift from that approach but the certification of approach adopted in 2015 white Paper, is about the shift of Naval strategy.

5. 4. 7 A Comprehensive Military Strategy

China is developing its military along with other necessary measures for many reasons, most importantly the changing nature of the modern warfare, besides the protection of maritime trade that China is heavily dependent on. According to Mahan, Seas are significant not only to the

economy of a state, but also play a vital role in expanding the influence on other states across the globe. According to Alfred Mahan, through a union of Sea powers, different Seas can be either captured or freely accessed. An outward maritime countries unity can beat the continental powers. He presents the notion for the US and Britain to get together, emerge as powerful, further he presented another notion for a naval doctrine which outlined the state's naval interest and pursuance of substantial Navy, along with access to Sea with adequate means and ability for projection of power, to achieve the strategic objective. These three doctrines are fundamental to dominate the course of the world.

CHAPTER 6

DYNAMICS OF THE US-CHINA RELATIONS IN SOUTH EAST ASIA

China's growing economy, mounting trade, huge consumption of energy resources, dependence on surrounding seas, has enhanced the need to protect the Sea Lanes of Communications (SLCs) trade from internal as well as external challenges. Such needs lead to formulate a concrete foreign and domestic policy to secure the internal, regional and the global interest. China's claim within South China Sea has mounted the regional and global concerns which were muted since the Post-Cold War. Presence of the US was critical in the course of the 2nd world war and the Cold War however the Post-Cold War era is categorized with the US multiple engagement within Middle East. Particularly, post 9/11 era has seen that predominant shift. However , a decade of war within Afghanistan, rise of China ,China's activities within South China Sea, reengagement of Russia, led to revise its foreign policy in form of 'Pivot to Asia' which mainly was meant 'Pivot to Asia Pacific'. The policy was adopted in the wake of the US security agreements with few of Asia Pacific states. In order to fully understand the current dynamics of the US- China relations, there is need to track down the historical underpinnings of their relations during the World War II and the Cold War.

6.1 The US during World War II and the Cold War in East Asia

The US relationship with East Asia and the South East Asia is always linked with its interactions to the most important powers of the region including the Japan and the China. Initially it was rich marketplace for goods while gradually trading opportunities were also found here. Later it was noticed by the US officials that such a huge amount of resource, a highly

diverse market, can play its role in changing balance of power, if some hostile powers gets control on it. So after annexation of Philippine as result of the Spanish-American War, the US extended its interests within region, which led to around half century colonial rule on Philippine. During that time period resources like petroleum, rubber and tin were exploited from the region along with expanding of influence through missionaries in the surrounding regions.

Occupation of Philippine by the US generated conflicts with Japan over the exploitation of resources from the surrounding areas, like of Dutch East Indies currently Indonesia, Malaya and the French Indochina which dragged the US to the World War II. Taking back the territories from the Japan was the prime objective of the US which happened in Philippine and liberation of Burma where the US resisted the Japan, it continued till the 1945 when the war ended (Clymer, Online 2018).

After the World War II, the US faced the movements of independence and then finally engaged into the Cold War which lasted for next few decades, it overshadowed the economic and security environment of the world. The Cold War was a period of conflict between the Soviet Union and the US which started since the end of the World War II and name was given because both of countries were scared to fight directly. However, both of countries used different tactics and fought against each other indirectly. There were chances that in case of direct war both countries will lose because both countries were nuclear powers. In Indirect war, they would have been dragged the whole world and would use the other countries to achieve their own objectives. Besides being the indirect war, the Cold War was categorized as the ideological conflict between the ‘totalitarian world’ known as communism and the “free world” which meant ‘liberal democracy’. The struggle was also supported by the scholars as well, like George Kennan who

wrote for the ‘containment of the Soviet Union’ while John Foster Dulles moved ahead and said ‘containment was not enough rather called for rollback’ (Mayers, 1983). Soviet Union also used various definitions to describe the phenomenon, according to Soviet Union; it was a conflict between the socialist world and the capitalist world or the bourgeois. Thus there was a philosophical war and it was incumbent on both parties to stick to their own side which was truly described by Dulles’s as “neutralism was immoral in 1955” (Szonyi, 2010). To make it more practical, each side started to establish institutions like the US-Japan Defence Organization, North Atlantic Treaty Organization (NATO), South East Asian Treaty Organizations (SEATO) with Southeast Asian states and Australia New Zealand United States Security Treaty (ANZUS) were established by the US while Soviet Union established the ‘Warsaw Pact’ and a treaty with China.

During the same period in 1968, there was a cultural revolution in China which was taken as an important geopolitical factor which did not finished with the end of The Cold War and was ‘termed’ as the collapse of communism. Along with China, Korea and Vietnam were also the countries where communist parties were in power. The reason of this communist growth and continuity was the difference between the circumstances within Europe and Asia. In Asia, The Cold War was not so much cold rather the ignited one, because ongoing liberation struggle in Indochina, then Vietnam War, Civil War in China (Szonyi, 2010).

In this regard, Harry Truman was the one of the primer presidents who adopted different policies to fight and contain the communist’s expansion. First policy which he adopted was known as a ‘Truman doctrine’ in which policy was adopted to offer money to the states who were vulnerable to communists and this policy worked in case of Turkey and Greece, the other policy was known as ‘Marshal Plan’, which was adopted to make it too strong, to western country to get

the influence of communism. Further Germany was divided into two parts East and West Germany. NATO was also established to strengthen the defense of Europe against Soviet Union.

Soviet Union responded formation of NATO in form of 'Warsaw pact'. After Truman and Josef Stalin, Eisenhower and Nikolai Bulganin started to negotiate in Geneva in 1953 on different issues but were not successful. Tensions between both countries saw fluctuations over the period of time. Soviet Union had also adopted the same tactics and was aiding to different countries to strengthen and expansion of communism especially in the area of its neighborhood including Southeast Asia. The US formed an organization South East Asia Treaty Organization based on eight countries to contain communist expansion. To fulfill the same purpose in 1950s, the US sent troops in South Vietnam to curb the expansion of communism in North Vietnam, which led America to be involved into a long bloody war (Watson, 2011).

During the World War II, Japan occupied the Vietnam which led to a guerrilla movement led by Ho Chi Minh and the Viet Minh were launched against Japanese occupation. With the end of World War II they negotiated with France for autonomy or full independence but France refused to accept either of demand and thus a war broke out between the French and the Viet Minh which led to defeat of French. At Geneva, many states gathered to settle the situation but the US was hesitant to join. The leadership of France was in favor of withdrawing troops so Geneva participants divided the Vietnam into two parts the North and the South by creating a new line and election were suggested to be held in whole Vietnam, the US feared that supporters of South would lose it. After the division of Vietnam, the civil war again broke out; the US replaced the French troops and was defeated by guerillas. Defeat was packed with huge geopolitical significance. A major shift took place in 1969 through 'Nixon Doctrine' that although the US is

devoted to its commitment to defend its allies however the US expects to bear their defense on their own ,in other words now to onward the US will not enter into any war in South East Asia. It resulted with enormous changes at geopolitical economic and political fronts, it proved very expensive and the US had to change its monetary system while politically, the US population turned against the US polices which created problems domestically. The defeat and related elements led the US towards a state which came to known as the 'Vietnam Syndrome' (Wallerstein, 2010).For the same reasons, Airbases in Thailand were closed down. Within the region this 'Vietnam Syndrome' led to establishment of the Association of Southeast Asian Nations (ASEAN), in 1967 with a main principle to keep away the major powers from the region but more particularly on balance of power within region.

During 1980 Soviet Union invaded Afghanistan which was a breach of Yalta agreement and met with a strong reaction by the US; however the US and the Soviet Union were not on direct confrontation rather fought through proxies and faced disastrous results similar to the US in Vietnam War. Soviet Union, eventually withdrew from Afghanistan to the position from where they started. This situation led to collapse of Soviet Union, according to the US, Soviet Union's disintegration was an absolute geopolitical tragedy which led to the elimination of two Soviet arguments;

- It rejected that The Cold War argument that non-communist world and the US allies were organized under the US leadership against the Soviet Union.
- It had also removed the role of the Soviet Union in limiting people on its side which could create to confrontation between the US and the Soviet Union (Szonyi, 2010).

Although leaders of both countries changed but it continued till the 4 decades. It can be described into three clusters:

- Cluster one was based on the US and its alliance which was consisted of western world with democratic political system.
- Second cluster was based on Soviet Union and its allies were mostly communist states.
- Third cluster was based on states which adopted the policy of non-alignment that they will neither be the part of the US nor the part of Soviet Union.

During the Cold War, security was the primary concern for the US security planners, for them, South East Asian states either were authoritarian or did not need their economic assistance to maintain order locally. Thus authoritarianism was also tolerated to achieve long run interests and South East Asian states seen the new wave of economic development in all countries especially Philippines, Malaysia, Indonesia, Thailand and Singapore which wiped out the communist economic system despite of Vietnam war.

6.1.1 The US in Post-Cold War in South East Asia

The moment the Cold War lasted, the US shifted its main concern from geostrategic or security to economic (Wallerstein, 2010) including protectionism, trade balances along with other concerns like human rights, democratization of the states and arms supply by China. Even after the culmination of the Cold War, the region remained an important sphere of interest for the US however at the same time for China as well (Bert, 1993). The US also has complementary goals in South East Asia economically and militarily, particularly in response to current rise of China.

Both countries have diverges of views about each other. The Post- Cold War engagement of China in the region and its emphasis on the US is only on areas of common interests including technology, trade and current sale of arms to Taiwan. At the same time the US is more concerned about the arms exports by China. Divergence of views for each other can also be seen in media including soft and print media, according to People's Daily, there are three main trends in the world which represent the Chinese worldview. First one is emergence of the US as a sole superpower after The Cold War and Gulf War, second is emergence of multipolar system because of globalization and third is the resurgence of idea of nationalism and its relevant ideas like ethnicity, religious issues along with territorial issues (Bert, 1993). According to Chinese, the US is facing different security and economic issues at national and international level which means the US role at international level is declining. If in future the US tries to play a role at international level then it will be on demand by the countries which means the US is trying to safeguard its 'hegemonic' position and thus an international order based on the US values is on decline. In their view a new fair, reasonable world order based on five principles should replace this existing world 'anarchist' order (Bert, 1993). Since 1977 to 2000 the US policy towards Southeast Asia was generally distracted with occasional response, to different political and economic crises and only focus was made to ensure on market access for American goods. From 1977 to 1981 the Carter also ignored this region even in Ronald Reagan (1981 to 1989) it was considered as a region of low priority (Grinter, 1983).

6.2 ASEAN's Response on being 'Low Priority Area'

During the era of George Bush (1989–1993) and Bill Clinton (1993–2001), administrations tried to be familiar with the region although not equivalent to The Cold War, still

they did efforts to convey the idea that the US was also an Asian power. However the major focus was put on economic activity especially on access to Asian markets and free trade. Approach to declare this region as a low priority region was suggested by many officials and scholars like former diplomat Michael Arma Cost who said that “There is no crisis in Asia, and the United States can turn its attention to Europe and the Middle East” (Armacost, 2000, p. 4). It is very interesting to note that in 1995 and 1999, the US reaction towards growing China and its territorial encroachment, especially its claims in South China Sea was very neutral, passive and muted which gave China status as a strategic partner. This ‘muted policy’ was followed even in financial crisis period of 1997 and 1998 (Kerrey, 2001).

However, at the same time Southeast Asian states keep remembering the presence of the US as a necessary element, for peace and development in south East Asia. According to Singapore the “new world order” after the Cold War is not so much safer for smaller states because major powers can behave indifferent to the interest of smaller states (Singh, 1999). On the same notion Singapore offered necessary facilities for military personnel and the US warships to be present in region, when Philippine decided to terminate bases agreement. Meanwhile Malaysia also said that for regional security, the US presence is vital within the region (Sheridan, 1997). Thailand was also agreed on the US presence within region, for the same reasons in 1998 a military agreement was signed by Singapore, Thailand, Indonesia, and Malaysia and in 1999 had signed an agreement for a Visiting Forces.

In the same time period in1995, when China took Mischief Reef which surprised the Southeast Asian states but the more surprising was the reaction by the Clinton administration that the US would not take sides on legal territorial matters but only in case of Philippine because it

has 'Mutual Defense Treaty with Philippine'. Here again Singapore stressed on Philippine to give access to the US military because China might not have had the impertinence to seize Mischief Reef in the Spratly Islands (Leifer, 2000). This incident, mobilized ASEAN to declare 'China as a top security threat' which needs to be dealt with dialogue, cooperation and engagement not by confrontation (Simon, 1996).

6.3 The US in Post 9/11 Era in South East Asia

The effects of 'Vietnam Syndrome' ended when George W. Bush management declared this region as a "Second Front" for "War on Terror", because links of many terrorist organizations were found in southern parts of Philippine and Indonesia. Arrest of members of the Jemah Islamiyah from Singapore and their links with al-Qaeda and their further links with terrorist groups involved in maritime communications, with an ambition to target Western interests (Gershman, 2002). There was another reason to declare it a second front because this region was also victimized of terrorist activities by different organizations.

Although not an official policy document for Southeast Asia was published, rather the region was made an area to focus on, for many other reasons along with the 'second front' on war of terror. And other reasons were obviously, continuation of economic policies in terms of access to free markets, military cooperation, to promote hedging strategy, in case of rise of any regional rival, to make sure the expansion and promotion of democratic values within region (McDevitt, 2007). However above mentioned goals were 'reprioritized' to achieve fruitful results. At geostrategic front, security alliance with Japan was endorsed, many defense agreement were also made with Australia and Singapore. At the same time Thailand and Philippine were given the

status of 'major non-NATO ally'. While at economic front more emphasis was put on advancement of FTAs (Free Trade Agreements) more than cooperation at multilateral level like Asia-Pacific Economic Cooperation (APEC) (Job, 2007).

At the same time cooperation was going on in many fields like on sharing of information for terrorists and freezing of their funds and enhanced military to military cooperation. At the same time, ASEAN states were not comfortable with the 'War on Terror' led by the US. And there was diverse reaction on the US policies on 'War on Terror'. There was a gap in mode of thinking, regarding the US policies on 'War on Terror' between 'popular elite', 'public opinion' and 'pragmatic leadership'. Pragmatic leadership was working in close collaboration with the US however it was also watching the popular trends. President Megawati Sukarnoputri made pledge to work closely with the US in with President Bush soon after 9/11, which was later cancelled on public angry demonstration in Jakarta. According to analysts 'War on Terror' was misguided and it was hurting regional interests overall, many suggestions were specified for eradication of root causes of terrorism in historical, political and economic terms rather than to take it an alone phenomenon. Thus ASEAN leadership was working for a mild balancing act to endure the US engagement within region and to keep away the regional as well as domestic threats (Ramakrishna, 2002).

The US cycle of paying attention or not in Southeast Asia is most characterized with engagement and disengagement as a whole, however most of time the US tendency remained to stay out of the region and let the states deal with their own matters. Another trend can also be noted that the US had always emphasized more on enhancement of bilateral relation and more reliance on bilateral hedging rather than on building multilateral institutions (Job, 2007). For the

same reasons the US has always been at privileged position in the region especially with reference to China, in 2008 a survey was conducted by The Chicago Council on Global Affairs that the US is at higher position in terms of 'Soft Power' than China (Christopher B. Whitney, 2009).

6.4 The US Strategy of 'Pivot to Asia' 2012

Currently, the US is pursuing its official strategy of 'Pivot to Asia' or specifically 'East Asia' or the 'Pivot to South East Asia' since 2012 with many ups and downs. Rebalancing has been characterized as a new the US pledge for deep engagement in Southeast Asia. There are different definitions for the term 'rebalancing', according to some analysts this is a 'hedging strategy' against rise of China, possible check on China's future goals, guarantee of regional peace, protection to allies against assertive policies of China, while others say it is the 'need of time' to enhance deeper relations with allies to be more connected.

Initially, in 1993 the Clinton administration initiated a "New Pacific Community Initiative" with a purpose to promote economic relation especially trade with Asia-Pacific Economic Cooperation (APEC). Two years later, after the initiative in 1995, a pledge was made to normalize the relations with Vietnam and to work in close collaboration to dissuade China. During the Bush administration along with the war against terrorism the US was fully engaged at economic front with different countries. Many free-trade agreements were signed in 2003 with Singapore, in 2004, with Australia and in 2007 with South Korea. In 2008 negotiations for the Trans-Pacific Partnership (TPP) also started which ended with presidential memoranda of president Trump in 2017.

There are diverse explanations for the initiative of 'rebalancing' however according to analysts it is not a simple matter of engagement or disengagement rather it is matter of priority of Asia and the US is enhancing relations with Asia which has had deeper roots since World War II and remained active even during the Cold War. Throughout the time period, the US has remained an active player in either way however the Obama administration realized it to be more engaged in the region. This need was felt to be more engaged in 2012 and more emphasis was made in military cooperation which was later adjusted in late 2012, in response of China's reaction with an emphasis over deeper ties with China along with ASEAN and other countries.

A very simple explanation of this rebalancing policy is hedging policy of the US, to contain China and regional security reassurance, to make the region secure and peaceful with an intention to demonstrate that the US has not exhausted even after a decade of war at international as well as at national levels. There are many initiatives which have been taken under this rebalancing strategy like shifting of military capabilities from other areas to Asia Pacific, reorganizing regional security arrangements, deeper and enhance economic cooperation at bilateral and multilateral level ,in others words 'Rebalancing' is an extended level of the US diplomatic engagement at geostrategic as well as at economic fronts.

Rebalancing policy or Pivot to Asia generated diverse reaction at regional level, in case of China at official level a lot of criticism has been made on this initiative especially on the military aspects. According to certain Chinese commentaries, the US security arrangements are wan to contain China in a Cold War style, at the same time there are two apprehensions; one is that at regional level one is that most countries like Singapore, South Korea, Philippines and Japan in the region are happy over the US security commitments in the region while other is that no one

country wants to choose either to the US or China rather want to work in cooperation with both of countries.

There are few characteristics of Rebalancing, it is very fluid and flexible, dependent on the nature of changing regional dynamics, it is multidimensional as its focus is not solely on military cooperation within region rather diplomatic and economic initiatives are also included in it. According to the US officials, it is not The Cold War as is proclaimed by Chinese officials rather according to President Obama “We welcome the peaceful rise of China” (Remarks by President Obama and President Xi of the People's Republic of China in Joint Press Conference, 2015, p. 4 para). It is not forcing the regional states to make a choice between China and the US. Thus it has not been ordained for containment purpose.

Primary aim of the Pivot to Asia or Rebalancing Act is to broaden the ranges of cooperation, collaboration and mutual understanding with regional states as well as great powers like China and India .The aim is to strengthen relations at bilateral as well as at multilateral level at different security and economic platforms with a focus on state and institution building in greater interest of the US. The ultimate purpose is to generate regional norms with global acceptance particularly harmonious to global security, political and economic norms favored by the US which includes three elements security, economic, and diplomatic.

6.4.1 Security Elements

The security dimension of ‘Rebalance’ is very significant because it is region of new focus after withdrawal from Afghanistan and Iraq; it has also plans to contain the rising military capabilities in the region. In this regard, specific capabilities of military deployment like Air-Sea

Battle (ASB) ideas have been established which are designed to contain “Anti-Access/Area Denial” trends which are mainly designed by China particularly in case of Taiwan. In security rebalance, Singapore, Philippine and Australia are playing an important role. All these countries have multilateral and bilateral security agreements with the US. Australia has agreed on greater access of facilities to the US military aircraft under the Royal Australian Air Force (RAA). Further both have discussed for greater naval access to naval bases. Singapore has received the first of four the US littoral combat ships for naval purposes. Philippine has also in full security cooperation with the US.

Former the US Deputy Secretary of Defense, Ashton Carter also outlined the significance of rebalance that the Department of Defense has the resources to accomplish the rebalance. The rebalance will continue and in fact gain momentum. The US defense rebalance to the Pacific is not in jeopardy” (Carter, Deputy Secretary of Defense Speech, 2013).

Concept of Air-Sea Battle (ASB) was initiated by Obama’s administration in 2010 and idea about this concept is that it will attack on sensors and other weapons thus it has the potential to destroy the command and control system including intelligence, communications, surveillance and reconnaissance systems which destroys the aircraft, ships and missile sites. The logic behind the idea of war is that before making the US targeted, an adversary must meet the criteria of locating forces, ability

to target the forces, launching of weapons and directing the weapons effectively. Thus every step includes a very hard work because of vulnerability of interdiction and disruption attached to it.

Initially good hopes were shown from the US to have good relations with China but upon hesitation of China to manage different issues like South China Sea and concerns of neighbors, the US initiated the policy of rebalancing. It has been narrated that the Pivot to Asia has been initiated in face of China's assertive behavior to avoid any future confrontation. The engagement of both countries into security arrangements at different fronts is a core priority of the US as security rebalance can create some confrontation which can lead towards instability to regional peace. There were elements of suspicious for security exchange from China's side which turned down after the US-China June 2013 in California.

6.4.2 Economic Elements

The US is also working on growing economic relation with Asia Pacific countries; in this regard it is increasing aid by seven percent, inflow of FDI along with engaging different countries into economic agreements. In this regard in 2011 President's National Export Initiative was taken and four out of ten emerging export economies were targeted like Indonesia, India, Vietnam and China. For the same reasons Further TPP (Trans Pacific Partnership) was also considered a height of economic integration, not only economic rather a big source of geopolitical integration. Currently, the US has withdrawn from the agreement by President Trump who signed a Presidential memorandum and introduced an approach of "putting America first" (Presidential Memorandum Regarding Withdrawal of the United States from the Trans-Pacific Partnership Negotiations and Agreement, 2017). In the light of Trump's claim, America is in need of fair,

bilateral trade deals that bring jobs and industry back onto American shores. This decision has been taken with a great criticism. Eric Altbach, the vice president at Albright Stonebridge Group in Washington and a former deputy assistant of the US Trade Representative for China Affairs has said that “The US is now basically in a position where we had our horse, the Chinese had their horse - but our horse has been put out to pasture and is no longer running in the race” (Olorunnipa, 2017).

He further goes on “It's a giant gift to the Chinese because they now can pitch themselves as the driver of trade liberalization” (Olorunnipa, 2017). US Senator John McCain condemned this decision by saying “it will send a troubling signal of American disengagement in the Asia Pacific region at a time we can least afford it” (Darrah, 2017). According to Ash Carter ‘the Asia Pacific trade pact would be more strategically valuable than another aircraft carrier battle group in the Pacific’ (Parameswaran, TPP as Important as Another Aircraft Carrier: US Defense Secretary, 2015, p. 3 para), (Olorunnipa, 2017).

6.4.3 Diplomatic Elements

Intense engagement at bilateral and multilateral level can be seen, ranging from regional security, accountable governance, and economic relation and sharing of social values including human rights. Sense of responsibility to take care the regional interests led the US for intense engagement otherwise states of Asia Pacific would fail to establish and maintain new liberal international order with free market, liberal democracy, open society and collective security promoted by the US.

- Along with expansion of liberal order, other areas of focus were also identified like strengthening of alliances,
- Intense bilateral and multilateral relation with major states of the region (Welsh, 2013).

Along with intense relations at bilateral, relations at institutional level must also be targeted. Many multilateral agreements already are working in close collaboration like the East Asia Summit (EAS), involving 18 Asia-Pacific states, ASEAN Regional Forum (ARF), and a regular security dialogue among 27 nations. This is in greater interest of the US because leaders of Asia Pacific mostly prefer its engagement. The US is engaged at multiple fronts including social training on disaster management, anti-corruption programs, transnational crimes, education and many regional agreements on trade like APEC and the TPP. In this regard annual gathering in Singapore, on regional defense at the International Institute for Strategic Studies (IISS) "Shangri-La Dialogue" has been working as a platform to outline the US policies which was used by Secretary of Defense Chuck Hagel in June 2013 to describe the details of Rebalancing. According to him, "Our relationships with ASEAN nations are critical" (Remarks by Secretary Hagel at the IISS Asia Security Summit, 2013, p. 60 para).

6.4.4 The US Engagement within Region under Pivot to Asia

The US defence commitments for its ally Philippine was also reiterated in annual APEC meeting in 2015 in Manila by president Obama, who visited a Philippine's naval base and stated that "We have a treaty obligation, an iron-clad commitment to the defence of our ally the Philippines." (Remarks by President Obama after Touring the BRP Gregorio del Pilar, 2015). And commitments made to support and defend in South China Sea conflict, without mentioning

the name of China. At the same time, the US administration grant of \$250 million for fiscal years 2015 and 2016 was announced, to enhance the South East Asian maritime security by keeping in view many phenomenon. Out of \$250 million, \$79 million were given to aid for logistics support to Philippine along with the US Coast Guard Cutter and a Naval Research ship to its Navy. In this regard, Vietnam received around \$40 million, as an assistance to enhance its maritime security capabilities. Washington also announced to lift arms ban on Vietnam, financial assistance will also be given to Indonesia, around \$20 million and Malaysia \$2.5 million for maritime time security. These all measures have been taken to keep the US political influence in the form of the US military presence, through frequent navigation, over flight operations and different defence agreements. These arrangements have been done particularly in context of South China Sea in last two years.

The real motive behind all this assistance was to ensure the freedom of navigation, which is mentioned by the Admiral Harry B Harris, head of the US Pacific Command in early 2016, that “we [the United States] continue down the path of freedom of navigations, you will see more of them, and you will see them increasing in complexity and scope in areas of challenge” (Parameswaran, 2016). At the same time the US is also enhancing military ties with other states besides the Philippine like Indonesia, Myanmar, and Vietnam (Southeast Asian Strategies towards the Great Powers, 2015).

6.4.5 The US Engagement in South East Asia

In 2008, at the end of Bush administration a proposal for ‘a Comprehensive Partnership Agreement’ was given by president Susilo Bambang Yudhoyono, to deepen relations which was

followed by Hillary Clinton during her first visit abroad as a foreign secretary and Indonesia as a second stop in 2009. While official agreement was thrown during Obama's visit to Indonesia in 2010. This official agreement turned into a "strategic partnership" during Jokowi's visit to Washington in 2015, with an agreement of annual strategic dialogue at ministerial level.

At economic level both countries are deeply engaged in trade although not seen a significant growth in trade however it is alleviating gradually since 2010 between \$24 and \$27 billion. In most recent data, it is mentioned that Indonesia has trade surplus especially in exports while the US is a significant source of FDI in Indonesia.

Table 4. Trade in Goods with Indonesia, 2017

Month	Exports	Imports	Balance
January 2017	524.2	1,707.3	-1,183.1
February 2017	569.8	1,567.8	1,058.0
March 2017	637.4	1,610.6	-973.2
April 2017	542.5	1,635.2	-1,092.7
May 2017	430.3	1,354.4	-924.1
June 2017	511.4	1,633.1	-1,121.7
July 2017	526.2	1,729.1	-1,202.9
August 2017	633.1	1,550.1	-917.0
September 2017	574.6	1,626.2	-1,053.5
October 2017	573.7	1,790.8	-1,217.2
November 2017	642.0	1,685.9	-1,043.9
December 2017	623.7	1,616.9	-993.1
TOTAL 2017	6,863.8	20,209.4	-13,345.6

Source: (Trade in Goods with Indonesia, 2017)

During 2010 to 2014, the US was the third largest source of Foreign Direct Investment (FDI) in Indonesia after Singapore and Japan. Indonesia is also an arms purchaser and value of arms between both of countries climbed up to \$500 million during three years from 2010-2012

(World Military Expenditures and Arms Transfers 2015, 2015). Even during the Trump era, it has been notified to congress that there is a demand of \$82.2 billion arms sales in 2017 which was higher than the Obama's time, when the demand was around \$76.5 billion. So far, many deals of hundreds of anti-tank missiles, including 30, F-16 aircraft and eight Apache combat helicopters are pending, some of which are still under negotiations (Hartung, 2018). Obama's administration felt the need of time and in 2009 initiated a policy announcement in Burma, with the name of 'Pragmatic Engagement', which later was termed as "principled engagement". In this 'Pragmatic Engagement', focus was made on political change because without a favorable political change the US cannot get its favorable results. Further out of other areas were human rights, issues of minorities, promotion of process of national reconciliation by bringing minorities into the mainstream. To initiate political and economic reforms, Obama administration announced as a part of development assistance for 2012, 2013 and 2014 fiscal years while \$50 million were given in 2015 (U.S. Relations with Burma, 2015). A "Comprehensive Partnership" was announced in 2013, to make the relations deepen from political, economic to social fronts, including the development of diplomatic cooperation, trade relation, Information, technology, education and health sectors. While in 2015 'The Joint Vision Statement on Defense Relations' was contracted by the US Defense Secretary, Ashton Carter during his visit to Vietnam to enhance the defence cooperation and sharing of latest defense technology. It was the first time when the US Secretary of Defense Ashton Carter visited the Vietnamese military base and a Coast Guard cutter. During President Obama's visit in 2016, ban on arms deal with Vietnam was lifted with an announcement that the US would vend 18-45 foot patrol vessels, to Vietnam's coast guards along with providing care for training centers.

Further the US helped in establishing a field hospital for use of UN peace keepers (Dr Bates Gill, 2016). Meanwhile Philippine welcomed the US decision for more engagement in the region particularly in face of growing China's assertive policies in South China Sea and conflicts with Philippine. According to former President Benigno Aquino the United States and the Philippines have a "shared history [and] shared values, and that's why America is just one of two that we have strategic partnerships with [alongside Japan]." (Remarks Following a Meeting with President Benigno Aquino III of the Philippines and an Exchange With Reporters, 2012).

After assuming the office, Duterte adopted a different position on various matters unlike his predecessors particularly the foreign policy took a major shift from the period of Benigno Aquino III. During 2016, PHIBLEX 33 with a focus on Humanitarian Assistance and Disaster Relief as well as Counterterrorism, the year of 2017 along with its manifestations, high military meetings were held. Of utmost significance was the phone call made before a visit to Vietnam for the APEC Summit between Trump and Duterte in which Trump congratulated Duterte by calling it an "unbelievable job on the drug problem" (U.S.-Philippine Relations, 2017).

However, Duterte showed certain reservations regarding military deals and to be involved only in military activities. In this regard, he diversified the security and economic relations as well by stimulating an 'open alliance', promoting its relation on one side with the US and Japan while on the other side with China. Such diversifications would bring economic as well security benefits in long run. Even in short run, he has secured military aid, trade, investment and many infrastructural projects (Heydarian, 2016).

The US and Vietnam have good relations since 1995. Both have expanded their economic and political relations at diverse level including the deep cooperation in military. Trade between both countries has increased ten times, since normalization of relations. Military cooperation has increased from sharing of information to the level of joint naval and military exercises. Different statements by the US officials also explained the nature on relations between both the countries. According to the Secretary of State, Clinton stated in July 2010, that “the Obama Administration is prepared to take the U.S.-Vietnam relationship to the next level... as part of a strategy aimed at enhancing American engagement in the Asia Pacific” (U.S. Department of State, “Secretary of State Hillary Rodham Clinton Remarks With Vietnam Deputy Prime Minister And Foreign Minister, 2010).

Many conservative elements have criticized the revival of relation between both the countries particular the communist factor. The US is making negotiations for greater access to military bases and ports for their ships in to station in Vietnam. At the same time, China is an important economic player with Vietnam and maintains good relation, despite of China’s assertive policies in South China Sea and resulting demonstrations in Vietnam. Vietnam particularly the groups who are in favor of strong communist government in Vietnam are also in favor of maintaining good relation with China. As Vietnam’s Minister of Defense Gen. Phung Quang Thanh stated in June 2012, “Vietnam would like to have fine relations with... the major powers of the world. [But] we all know that China is a close neighboring country of Vietnam. China is a comprehensive and a strategic partnership [sic] of Vietnam” (Thanh, 2012). Along with defense treaties with Thailand and Philippine, the US has its deep strategic partnership with Singapore named ‘The U.S.-Singapore Strategic Framework Agreement’ for joint ventures and collaborations in different “areas such as counterterrorism, counter-proliferation, joint military exercises and training, policy dialogues, and defense technology” (Joint Statement Between President Bush and Prime Minister Lee of Singapore, 2005). Singapore as a hub of global and

financial has always welcomed and demanded the US presence since the time of World War II and The Cold War lasted.

According to Singapore, the US presence is necessary as a hedge for the check on regional growing powers, particularly for China and its recent economic and military initiatives. Singapore also received the first of four Littoral Combat Ships in 2013 to its ports which was a great initiative for the US naval presence in Asia Pacific. Singapore's Prime Minister Lee Hsien Loong recently stated, "We fundamentally think, it is good that America is interested in Asia and in the Asia-Pacific region and that their presence since the Second World War has been a tremendous benign influence. It's generated peace, stability, predictability and enabled all the countries to prosper" (Singapore Prime Minister Lee Hsien-Loong on CNN, 2012).

Singapore as a hub of global trade is balancing its relation with the US as well as China, as its trade with the US has seen a decline while its proportion of trade has increased with China with a significant element of its neutrality, to work in great interest of regional economic, political and security.

6.5 The US –ASEAN under Trump Administration

Currently, the US engagement within the region, under Trump administration is same while addressing the various concerns with few minor and major changes. Major alternations have been made regarding China's trade, mainly by imposing tariffs to control the Trade Imbalance, existed between the US and China while at the same time, minor changes have been made while pursuing relations with ASEAN. Trump made a visit in 2017 to five countries of the

region and shown his broader vision, in terms of pursuing American national interest through summitry, dialogue and communication. During his visit, he offered a set of goals and interests in form of ‘Indo-Pacific dream’, which would be materialized in the coming years through a mutual consensus. He enumerated the US engagement at multiple fronts within region, including the security, freedom of navigation and business since the US presence in the region. His ‘Indo-Pacific Dream’ can be taken as the counter to Xi’s, ‘One Belt one road Dream’.

Upon paying a tribute to Asian economies he acknowledged the contribution of all South Eastern states from growing economy of Thailand, Indonesia and Vietnam as fastest growing economies of G20, Malaysia secured position in business, narrowing gender gap in Philippine to Singapore’s good governance. His emphasis on the economic dimensions was the expression of the “economic security is national security.” On abandoning of Trans Pacific Partnership (TPP), he emphasized on more joint ventures for trade, finance and investment throughout the time, his focus was made on a “free and open Indo-Pacific”, with a strong partnership with the strong states of the region and mainly to have “to have partners throughout this region that are thriving, prosperous, and dependent on no one” (Remarks by President Trump at APEC CEO Summit, 2017). The notion of “free and open Indo-Pacific” was adopted initially by the Japan’s president and lately by Trump.

During his visit, President Trump stated that “We will be blessed with a world of strong, sovereign, and independent nations, thriving in peace and commerce with others. Rather than tied to one road”, “let us never forget the world has many places, many dreams, and many roads” (Remarks by President Trump at APEC CEO Summit, 2017). Analysis of the rhetoric made by Trump, communications, the statement and policies taken so far suggests that Trump

administration are in favor of three things, firstly, partners and allies, secondly such partners and allies who could pursue economic development, thirdly to look forward for geostrategic interests through those allies and partners.

President's emphasis on 'the free and open Indo-Pacific' has outlined the basic principles of the policies which, Trump meant the management of coalition with Thailand and Philippine, besides maintaining the relations with Indonesia, Vietnam and Malaysia. In the whole scenario, purpose is vivid to take the relations with India, Australia and Singapore to new heights designed for regional strategy.

At present, the US is preserving the existing tradition and strategies with few new partnerships, within the region to preserve its influence strategically and to secure its own interest, being a guarantor to allies. Although during the first year of Trump administration, pivot thrust was kept, particularly regarding security matters, without iteration of 'rebalancing'. However, there are strong assumptions that the US would go for a certain charter to be more specific and precise regarding its economic and strategic policies within the region which can be explained in Jim Mattis the Secretary of Defense words, 'a stable region requires us all to work together, and that is why we support greater engagement with ASEAN. Because no single bilateral relationship can get us where we want to go' (East Asia Forum Quarterly, 2018).

Throughout the history, the US relations with ASEAN have seen many ups and down and various modes of being areas of 'low priority', 'high priority', in any case, one factor has always been critical that is China. Even current phase of Trumpization and the 'free and open Indo-

Pacific' policy of the US is the continuation of the 'Pivot to Asia', with a major focus on counter elements against the China.

CHAPTER 7

CHANGING POWER DYNAMICS: ANALYTICAL DEBATE

The historical underpinnings of the US- China relations have led to debate many things about the ongoing regional and global dynamics. It has paved a path for the researchers to analyze and debate previous nature of relations in order to describe, explain the current circumstance and to predict the forthcoming challenges for all the middle to great powers involved in the South China Sea dispute. Traditionally, the control of a state or area or anything else was only possible through military power and the military power played an important role throughout the history, in conquering the nations. However now concept to dominate the nation has been changed due to globalization and interdependence thus economic growth has emerged as a powerful element to dominate the national sovereignty of any state. In the case of rise of the United States, globalization fully worked as the only driven force for the US victory, apart from the other perpetual wars, because of domination of capitalist trade system, economic and financial institution like banks that played an important role with enormous impact of information and technology.

7.1 Changing Power Dynamics

7.1. Drivers of Existing World Order

7.1.1 Information and Technology

Information and technology played an important role in promotion of the US foreign policy to be the sole world power. For the same purpose, different financial policies were implemented like keeping 0% interest rate to protect big corporations from failing, to create environment for financial massive wars, policies to print money according to their own will. Thus whole global system was made dependent on the US. However with fall of Berlin; or with the disintegration of the USSR (Union of Socialist Soviet Republic) all the big corporations like economic, military, social services providing corporations along with health and agricultural corporations were gradually replaced by the national governments for further policies and agendas. At the same time for political supremacy, sovereignty was replaced by establishment of Euro and Lisbon Treaty signed by all European nations in December 2007. Integration consequent to Information Technology played an important role in replacing the concept of state sovereignty from individual to transnational super structures. It was actually the political form of integration which led to erosion of concept of traditional sovereignty of the State and creation of a new concept of state sovereignty.

Although European Union not proved with a success and its decisions became unimportant and unpopular. However, it led to new World Order which replaced national governments with multinational governments or regimes like EU(European Union), UN(United

Nations), IMF (International Monetary Fund), WTO (World Trade Organization and NATO) along with the similar institutions at the economic cost of the individuals (Kissinger, 2014).

7.1.2 Globalization

Globalization is the process of integration of countries across the world through the increase in flow of goods and of people. In the integration of countries economic integration played an important role, according to Stiglitz, globalization means actually economic integration and it is carried out by the flow of goods, services, labor and capital. It is not new as it was started during 19th century, however it took various waves from time to time, economic wave took place during the second half of the 20th century to onwards (Stiglitz, 2002).

In preserving the World Order especially in current period, in which the US emerged as the World Power globalization proved an important role in promoting and maintaining it along with geographical environment. In last four decades; economic growth, institutions and policies has made it clear that through the control of economy of any state someone can control the rules of that nation. In this era, dollar and the neoliberal approach with the powerful tool, globalization has played an important role in pursuance of American objectives against its geostrategic opponents. The existing economic systems with the authority to promote or prevent the flow of currency, military supplies, energy consumption ,allows the US to dictate the world even the various independent institutions like EU, NATO has no procession to legislate or to implement their own rules (Pieraccini, 2016).

7.1.3 Maritime Status

In case of the US, which was earlier a continental power, transformed itself into naval power and in 20th century it took that Sea power, strategic control of both oceans and maritime supremacy and control of Rim land, always work as a key to success for Occidental, Anglo-Saxon naval powers while airpower and nuclear weapons are included to enhance this domain. Geostrategically to be a naval power, protects from the outsiders and throughout the history, ever since Britain emerged as a Sea power, its popular straits worked as its protectors by keeping Russia away from Mediterranean, prohibiting Russian continental power from becoming a true Sea power. The Sea Power can help to the level of deploying military power at the Sea towards the enemies. Because in times of peace, such states with Sea power can get prosperity and at war times, they take advantages and ultimately asset a position to become a great power. For the same reasons medieval and early modern Italian city-states like the Netherlands, Sweden and England can be explained in terms of successful powers despite of having limited population and resources (Iliopoulos, 2009). For the same reason, Sir Julian Corbett's explained the Sea power phenomenon, that it was the only Sea "that a small country (like Britain) with a weak army should have been able to gather to herself the most desirable regions of the earth, and together them at the expense of the greatest military powers" (Geoffrey Till, 2012, p. 8) (Corbett, 1988). For the Britain to be a Sea power, played an important role in securing its maritime supremacy. There are also many vulnerabilities attached to maritime power so it is not always about to prevail. During the Cold War, NATO also faced such vulnerabilities because of their much dependence on the Sea, their unity and economic activity on Sea based transportation.

Thus unity of maritime states is necessary for different purposes, particularly for pursuance of security and national interests. Mahan being a realist was doubtful for cooperation of states however ultimately he concluded that a transnational maritime consortium means a community of shared commercial interests based on Britain and the US is required to the security of prevailing system of trade at international level because no country alone can perform this task due to limited resources and in this case the Rimland countries are more vulnerable because of their dependence on Sea trade and Sea transportation so they are most in need of making secure the Sea routes (Mahan, Retrospect and Prospect, 1902). So here lies the responsibility to develop an efficient coalition of great, middle and small powers of maritime nations of the Rimland to keep secure international order and the existing core universal values because conflicts cannot be avoided, conflicts will keep emerging with the emergence of new continental and Sea powers in presence of ideologues, identities and values (Iliopoulos, 2009).

7.1.4 Theoretical Foundations for the Changing Power Dynamics

Changing power dynamics has been defined by different schools of thought like rationalists, realists and liberalists who tend to study International Relations and International System. According to different schools of thought and more specifically liberal theory of International Relations, globalization is the primary and a universal key in bringing any change to international system. Globalization always exist in a domestic as well as transnational societies with the seeds to flourish on, leading to make a connection with other spheres of life like economy, society and culture across the borders, for such connectivity state policies can be helpful or restrictive. For the same purpose pressure groups or the non-governmental factors can play an important role to pressurize the governments to

make governmental policies favorable. The social pressure by different groups to change the course of foreign policy in their favorable positions is known as 'state preferences' (A Primer, 2010).

Thus social concern is very important in policy making or initiating any policy at international level and without such social concern states have no rational basis to be engaged in world politics. Any genuine action to cooperate, conflict or any other action have a laborious state preference. Change and arbitration in social demands due to globalization and state preference designed the state behavior on terms of actions, policies in world politics. According to Bhagwati globalization is a powerful force for the collective social good to bring general prosperity, by reducing child labor, and by increasing the literacy and women conditions particularly in developing countries (Bhagwati, 2007), thus it 'promotes the social agenda along with economic one. It can be mentioned in different ways, what matters mostly what state want and how they get it "or" ends are more important than means.

There are three basic assumptions of liberal theories for explaining the existing relations at international level by encompassing the national and social factors: one is the Ideational Liberal theories which tend to explain the links between different types of cultures, political and social orders with state's own perception which can influence the states' decisions. In other words, state's conception of society in relation to culture, politics and society (A Primer, 2010). , The second assumption is based on the Republicans, which focuses on the role of domestic institutions, indigenous leadership and the relation that exists between law making and law implementing bodies. These were apprehended by Woodrow Wilson, John Maynard, Keyns, John Hobson, Adam Smith, Immanuel Kant and John Stuart Mill. The third assumption is based on the Commercial Liberal theory which made their focus primarily on economic interdependence

(Moravcsik, 2001). At the same time, the Liberal theory has also used two basic assumptions to define the nature of International Relations: rationality and anarchy. According to the anarchy system, state actors and other non-state actors exist in an environment which is without any central government so as to maintain the law and order which states must rely on self-help. On the other hand, the rationality system is based on the assumption that states must engage themselves into a process of foreign policy to carry out their activities in order to maximize their interests under the careful parameters of cost-benefit analysis" (Moravcsik, The New Liberalism, 2008).

7.1.5 Geopolitics

To understand the process of growth of a country which ultimately leads towards a great power and to play its role, there is a need to understand the geopolitics of the world. Understanding of geopolitics is necessary as various policies are formulated to accommodate the geostrategic status and to maximize the benefits and lessen the costs. Therefore it can correctly be said that geostrategic status play an important role in formulating foreign policies and bring the policies into concrete actions. In policy formulation process, domestic along with the regional environment plays an important role. The world has witnessed two World Wars, followed by the period of the Balance of Power (the Cold War) which was maintained from 1945 onwards till 1991, which followed the emergence of unipolar World. During the period of the Balance of Power, balance was maintained by two great powers the US and the USSR emerged in the result of Second World War. This time period of balance of power of a world system was based on notion of bipolarity lately known as the Cold War. With the disintegration of the USSR, the bipolar system came to an end with emergence of the US as a sole World Power. For the same

reasons, century was given the name as a 'New American Century' (Baker, 1998). In creating the new century, the geopolitics played an important role which allowed the US to be secured through its geopolitics and mainly the Oceans. Thus to be a maritime state, with long coastline and to be surrounded by the seas is as strength of a state as well as the vulnerability. Historically it proved to give more powerful status than to produce vulnerability. Above mentioned five factors played a definite role in creation of the existing world, which can be depicted in this diagram.

7.1.6 Foundations of Existing World Order

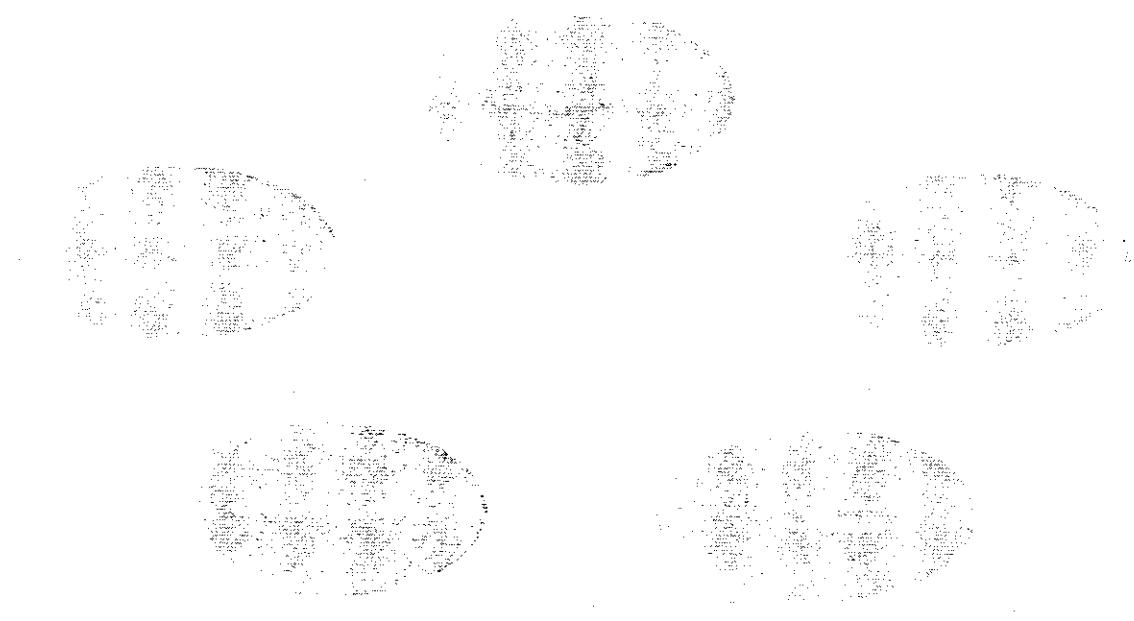


Figure 39: Foundations of Existing World Order

Source: Author's own contribution

According to Dr Ijaz Shafi, upon the deep analysis of the current nature of the existing world order, mentioned that it becomes clear that few characteristics are more protruding in showing the true essence of it, as mentioned below.

7.1.7 Features of Current World Order

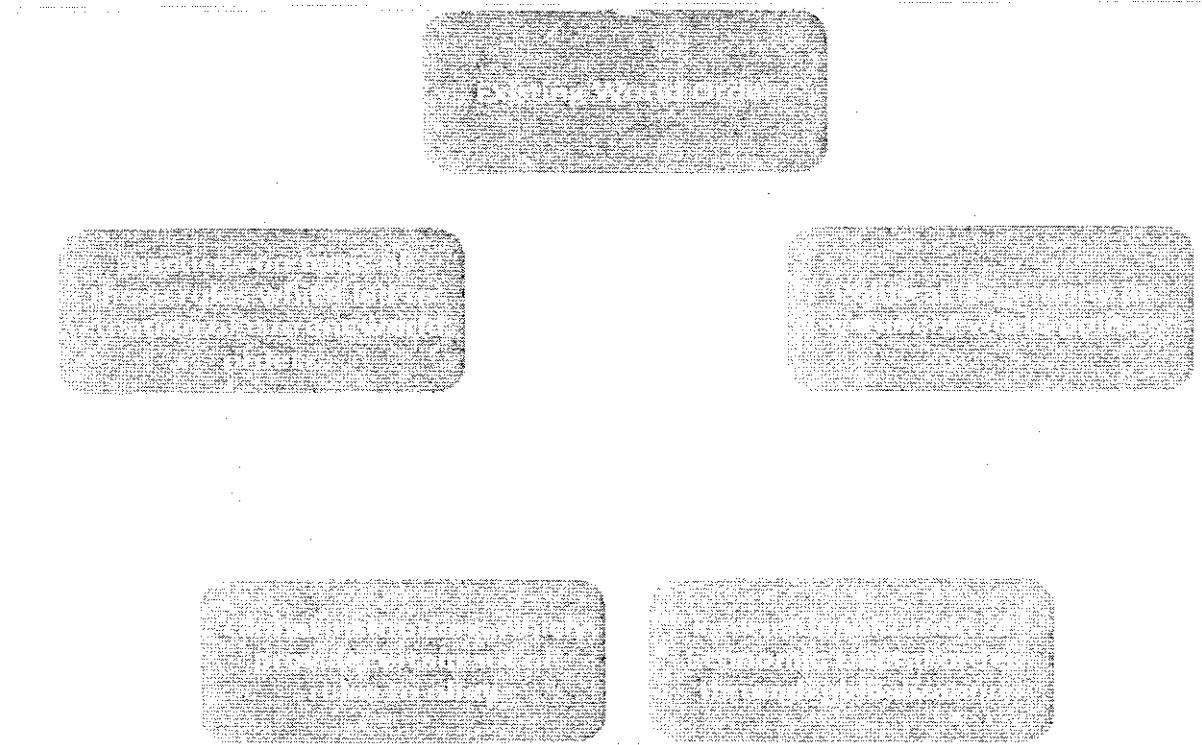


Figure 40: Features of Current World Order

Source: Analysis by Dr Ijaz Shafī Gilani, CSC, Professor Political Science and Chairman Gallup Pakistan.

7.2 China in Crafting New World Order

7.2.1 China's Ambitions from Economic to be Maritime Power

China's ambitions can be understood in two ways, 1) by encompassing its economic effects as a part of 'globalized efforts to integrate the core and periphery or the integration of globalized and non-globalized world and 2) by incorporating the naval outlook.

7. 2.2 Globalized and non - Globalized

China's economic activities like 'Belt & Road Initiative' can be understood under the Thomas Barnett notion of 'Globalized world and the Non-globalized' world with an innovative idea which makes a link between the globalized world and the world which has faced difficulty to be globalized. He explains this phenomenon in terms of extremism that incidents like 9/11 are the result of two extreme divisions between globalized and non – globalized, naming them as the 'Functioning Core,' and the 'Non-Integrating Gap'. Here is explained that division of world cannot be made on basis of poor and rich rather on basis of those who adopted modernity and those who did not. He again describes this phenomenon into two parts Core and the Gap, here Core means where "globalization is thick with network connectivity, financial transactions, liberal media flows, and collective security, with stable governments, rising standards of living, and more deaths by suicide than murder." (Barnett, 2005) (G. Honor Fagan, 2009 , p. 151) While Gap is where "globalization is thinning or just plain absent" is "plagued by politically repressive regimes, widespread poverty and disease, routine mass murder, and—most important—the chronic conflicts that incubate the next generation of global terrorists" (Barnett, 2005). On positive notes, China is working on the same fault lines and trying to minimize the gap between the Core and the Gap.

Barnett, indeed has classified three types of globalization, globalization I, which was took place during 1870s and ended with the start of Great War in 1914, a peaceful version of globalization. There is another version of globalization that is globalization II which set the Bretton Woods rule in 1945 and ended till the collapse of Soviet Union while third version is globalization III which is the continuation of globalization II however with a difference in few

traits. During all the types and versions of globalizations, there have been different types of Core and Gap. The Old

Core is North America, Europe, and Japan while Russia, India, China, Brazil, Chile, and Argentina is the New Core while the Gap includes South America (excluding Brazil, Argentina, and Chile), most of Africa, South Asia, Central Asia and the Middle East. The basic feature to bring global peace and prosperity is to minimize the gap between Core and the Gap. In this regard, managing the Gap by containment policy is not the ultimate solution rather a policy to minimize the gap should be adopted in form of connectivity between people and goods and to maximize the benefits from globalization (Barnett, 2005).

7.2.3 Chinese Naval Ambitions from Blue Water to Green Waters

To be naval power is significant to achieve the economic as well as military objectives, to become a powerful navy for China means a journey from blue waters to green waters. A powerful navy is heightened with the three things, Sea Base, Sea Strike and the Sea Shield. Here is important to define these concepts to get more clarity about the strengths, according to Vern Clark 'Sea Shield is about projecting defensive power from the sea. Keys include protecting our nation at home, assuring allies overseas dissuading and deterring potential adversaries in multiple theaters' (Clark, 2002). In other words Sea Shied means the ability to project power from the Sea, away from the mainland and thus a clear link has been found in Mahan's theory of Sea power and Sea Shield. At the same time, Sea Strike means to take dominant and offensive measures against the enemies, by using Sea, all the means on sea from information operations to long-range aircraft, missiles, Special Forces, and Marines. Same is emphasized by Mahan that for a state to

have a fleet with offensive capability, it is essential to be a great sea power. While Sea base, "is about projecting the sovereignty around the world." (Black, 2006). In other words to have a supremacy in navy along with other capabilities which bring different areas under your influence and to move in high seas, to conduct combat operations without premising first. It includes the 70 percent of the world's surface covered with water (Clark, 2002). Such a strategy embedded with basic elements of sea power, outlined by Mahan is merely not a naval strategy rather works as a national strategy. It keeps the elements of making coalition by expanding the influence diplomatically in peace times. Such a coalition will allow the most powerful state to conduct maximum operations. Thus, it can be easily said that a maritime power has more options when required to engage in coalition operations, be it diplomacy or the various levels of warfare. Using international sea and air space as maneuver medium for the military instrument of power makes it easier to gain permission to effectively cooperate with, base troops in and transit other countries (Kuehn, 2003).

A well thought and well planned naval strategy will give vigorous strength to national strategy and ultimately a national power which can lead towards the global power. The Great Britain was the excellent example which was time and again used by Mahan to strengthen his arguments as he studied and analyzed historical incidents in such an insightful manner, with the ability to predict for the future. On the same basis, the US developed itself after the Second World War and other states are working on the same line of action. Sea basing is most significant and relevant regarding to current circumstance and to expand the influence globally. In this regard, humanitarian relief operations are significant to reap the benefits of Sea basing which act as a tool to make coalitions for metalizing the journey from grand naval strategy to the national military strategy or the Grand National strategy. Because to be great at naval power will ultimately keep

the enemies away from the mainland by defending the mainland boarders in seas and taking offensive step in the sea beyond the borders. Thus, Sea basing is significant for multiple reasons however mainly for expanding the global influence. For better Sea basing following steps can be taken 1) frequent sea exercises or joint sea ventures with different countries to be more familiar in combatting any future threat. It will increase the capability and understanding to exploit the leveraging capabilities to maximize the goals. Sea basing should be promoted as a process of international partnership, “International partnerships continue to be a principal source of our strength.” (Rumsfeld, 2005, p. 4). Besides this, constructions of sea bases should be promoted to bring more states in a comfort zone for navigational purpose. While Sea shield and Sea striking are the main themes in carrying out or performing the functions of sea basing against the terrorists, extremists or against any other threatening factors.

At the same time, the Mahanean Theory of Sea Power, as a road map by China has been emerged as a challenge for the US. China’s current strategy to hold power at sea has fascinated the foreign as well as Chinese scholars. According to James Holmes, China as an export led booming economy and its heavy dependence on maritime, makes a sense for China to develop a powerful Navy. Ni Lexiong and Zhang Wenmu are two prominent Chinese thinkers and strategists, who favor Mahan’s philosophy of a ‘blue water fleet’, believing that without a strong navy countries have no future in other words , without acquiring ‘power on sea’ or ‘command of sea’, states would have no future. Same view is strengthened by Holmes and Yoshihara, quoted by Zhang Wenmu that “China will not replicate exactly their experiences or suffer their fates”, and “Beijing will likely follow a trajectory that conforms to its own local geostrategic conditions” (Wenmu, 2003, p. 86).

7. 2.4 Sea Control vs. the Command of the Sea

Mahan gathered a lot of criticism, despite of great popularity and appreciation; there is still a divergent world view and a bit critical to Mahan's views on Sea power. According to many analysts, economic developments have changed the nature of national interests and notions of power during 19th century, which were the founding stones of his philosophy. According John

Gooch, Mahan' notion of power based on 'The Sea Power Theory' lied in the era of pre-industrial time of Europe which was taken as a period of exploration and exploitation which generated maritime trade and the subsequent wealth. Post Industrial era along with technological advancement has changed the nature of 'command of the Sea', because weapons of modern warfare like mines and torpedoes could paralyze the power or capital ships. Thus, his theory lost the potential within just two decades of its origin (Gooch, 1989). A criticism is also made on him that his work contains the potential elements to trigger an arm race 'Navalism', in the wake of scientific and technological progress. Mahan is also called as the important source behind the 'Big Gun Navy' doctrine (Maurer, 2016).

In this regard, after the few decades of Mahan's theory, Sir Julian Corbett, who developed his theories based on 'The Maritime Strategy', to offset the Mahan's popular stance about a strong navy. He elaborated the significance of the science and technology along with the vital role of joint operations. He maintained the value of limited war, adjustment of naval operations diplomatic and political reasons, to secure the Sea lines of communications (SLOCs), by making a significant control over them along with the attack and resistance to outbreak of commercial shipping, through a fleet in being strategy. He outlined a general policy, rather than by making over-emphasis on a specific issue. For Corbett, Mahan's 'The Sea Power Theory' was suitable

only for limited time period, for partial national purposes, so he proposed for a ‘balanced amphibious strategy’ involving land and water command. He believed ‘the prime object of naval warfare...was to secure communication. This can be achieved by ‘Sea control, not command of the Sea’ (Dou, 2012). However, he remained unsuccessful at the Royal Naval College and to the Imperial Japanese Navy because of skepticism, by students and strategists on his defence strategies and it continued for decades even after his death then gradually, he started to get significance.

Mahan emphasized that a naval strategy for strengthening the states to get a ‘command of Sea power’, thus he talked for a strong Navy. While Corbett used a broader spectrum like maritime while illustrating the benefits of Sea and Sea faring trade. According to Mahan, a strong Navy plays a decisive role so, command of Sea’ would be an ultimate end to get a victory however according to Corbett besides the ‘command of Sea, ability of the navy to get a victory and subsequent achievement of goals is also significant as to get the ‘command of the Sea’ is one aspect of warfare other significant is land. Because armies play significant role during wars than the fleets on Sea, so it can be truly correct in one context but not others.

7.2.5 South China Sea Dispute in Wake of Rise of China

The South China Sea dispute is in flash light across the world since last five decades, before this, it was considered one of the regional disputes, coming since years but not disturbing the states involved in it. However currently, it has emerged with much thresholds, as state’s

integral part, as a part of territory or in other words as the part of statehood with a concept of absolute sovereignty to rule the territory (Buszynski, 2014).

Post de-colonization period, led the states with defined territorial boundaries but undefined maritime boundaries, thus many defined and undefined issues were inherited and considered a post de-colonization experience. Same happened regarding South China Sea, where China inherited the pre modern China with its maritime boundaries. In case of other countries, this matter became complex because of the undefined nature of maritime boundaries particularly for Philippine, Vietnam and Malaysia. For the sake of completion of their states, they started to claim and occupy the islands in surroundings to solidify their claims. China's recent stance which is termed 'assertive' is persistent for its inherited boundaries during colonization period and even before that period. For sometimes, it was to keep the rivals away from the area like Soviet Union in later phases while Japan and France earlier. Afterwards, discovery of hydrocarbon resources including gas and oil forced states to stick their claims while now economic boom has let them to come their nationalism out, to become their national territory, from an area of little interest. For China, it is more important because of its concept of security of First Island Chain (FIC), besides this China is also modernizing its military capabilities for future denial to easy access and power projection through its First Island Chain (FIC), possibly against its adversaries. While at the same time, other states along the First Island Chain (FIC) like ASEAN and Japan are facing the dilemma of their own defence.

Naval development is also benefited by domestic economic reforms and its linkage with international economy ultimately seaborne trade, thus the need of defense of Sea Lanes of Communications emerged, furthermore, the establishment of Special Economic Zones (SEZs),

made China's coastal seaboard more with strategic significance that led to open the doors of coastal belt with almost 300 cities from China's northeast coast, to Guangdong province in the south in 1988 (Tzeng, 1991).

Chinese heavy industry is centered in Northeast and Central China. Thus the foreign investment and modern technology remained the significant part of these thirteen coastal cities which were the economic engines or powerhouses, with contribution of 70 percent of China's GNP. With growing economic indicators, the changing economic structure suggested naval strategists to upgrade navy as an essential part of national security. The strong connection between the economic significance of these coastal cities and modernization of PLA navy is not, that these coastal states are at any risk from external threat, rather the concern is, that the off shore territorial conflicts can harm the growth of these coastal cities and can hinder foreign investment. For China these off shore islands including Paracels and Spratlys, are more important for rich oil and gas resources however there is conflict over exploration and procession of these islands between different countries. China wants Hainan islands, off the Guangdong as a center for exploring the resources.

Thus for PLA Navy, economic gains are greater and much more than the expenditures to spend on the development of Naval fleets. Short and long terms economic benefits are great .It was estimated in 2000 that the value of explorations from those islands would be a huge part of Chinese GDP and GNP, especially 2 percent of GNP, as the location was within 3 million square kilo meters. Also, the Chinese strategists pointed out that approximately 1 million of the territory would be controlled by others or illegally exploited by other countries. This makes it evident how intrinsic the economic and military interests are incorporated in relevance to the South China Sea.

The projection of Chinese power in the region of South East Asia took its start when Russia left the region and the closing of the US bases in Philippine was witnessed by reducing its naval presence in the region. The islands of Spratly is although not of short significance for the navy for long term operations, it may certainly become more significant especially in the emergence of China as a regional sea power with a vast sphere of influence.

In this regard, China is evidently facing a lot of competition from other regional powers like Japan and India and other global powers like Russia and the US. Although Chinese Navy has no competition with the US and Russian Navy and for the same reasons China is striving to enhance its capabilities, for defense of sea lanes, creating new se routes and to secure vast resources in South China Sea (Winterford, 1993).

This The Sea control strategy took forward from 200 nm engaging China into conflicts with other South East Asian countries like Philippine and Vietnam and the purpose was to bring the South China Sea and other adjacent Areas into China's naval supremacy in peace times. The aim was, not only to defend the economic resources on the sea lanes, but also to safeguard its coastal cities from war times to ensure the prevention of external threat. Chines naval strategies have evolved the theory that the traditional, defensive oriented protracted strategy of people's war in defending China from a general invasion is not suitable for offensive oriented warfare under the new local war strategies where campaigns are designed to win quick decisions (Fravel, 2002) and on basis of this theory, the central military commission in 1988 emphasized on first unit a rapid action until with capability to work within 13 to 19 hours , marines are also included in that unit as an integral part.

7. 2.6 South East Asia in Wake of Changing World Order

As is mentioned earlier that Power dynamics are under the continuous process of change which is resulting in rise of China and other few power while decline of world's leading great powers like the US is carrying the echoes similar to 20th century which witnessed China as a 'sick man of Asia', Great Britain was undergoing the declining forces while Germany, Japan and the US was taking their rise. Within Asia, Southeast Asia was the side stage While Europe was the center to all the global forces of change, war and peace settlements.

Currently South East Asia is considered as the region of future conflicts with the rise of China as a regional power with progressive economic and military indicators. Russian President Vladimir Putin is striving to reassert its regional influence by engaging different countries into economic and military agreements, while Europe is not ready to accept the changing forces. The US is concerned on different economic and geostrategic moves taken by China within region. Upon analyzing the situation, chances of future conflict becomes very vivid (Globalization and World Order, 2014).

According to constructivism, small and middle states of South East Asia can play an important role because they share the similar traditional and historical background. Particularly the way in which ASEAN is developing its community and working, can play an important role (Thayer C., 2010). There are different things which have been taking place at geostrategic, political, economic and social level to with positive and negative offsets of globalization in South East Asia on the part of China, and its neighbors, most of crucial is South China Sea. As for as the US is concerned since last ten to twelve years, chances have increased for the US to be more

intensified which can accelerate the probabilities for a conflict and likely an armed conflict with China somehow. It is assumed that the US presence in South East Asian region is a guarantee of regional balance and security. Presence of the US influence is very significant for economic growth of the Asia pacific and for preserving the US well-being as well for greater access to Sea lanes or to make it sure the freedom of navigation (Sokolsky, 2001).

South East Asia is a region of great importance for China for its historical reasons. China reasserts the significance of the region by making different maritime and territorial claims for historical as well as to meet the contemporary challenges. China's growing economy needs huge amount of raw material and ultimately safe routes to bring energy resources like gas and oil at home and for this purpose the US is pursuing an activist policy towards the region currently for economic gain. China, the US both have their deep concerns in Asia Pacific and South East Asia region but have difference of opinions in implementing their thoughts of security and balance within region which can lead towards a conflict (Sokolsky, 2001).

There are different assumptions about the growing China that a rising China can be a threat to South East Asia's peace and stability which will lead towards an armed conflict with the US or can pose a geopolitical threat in Western Pacific. After a deep analysis it can be noted that China's policy in South East Asia is the result of multi-dimensional factors which include domestic, economic and political conditions of China, growing relations between China and ASEAN and regional security paradigms beside with the US presence and its economic and security policies within the region. Here lies the different assumptions, even about Chinese policies in view of ASEAN countries however military threat can only be one dimension or element of the US policies towards the region. China's claim on South China Sea Islands of

Spratly and Paracels are part of China's policy as a sovereign part similar to its claims in Tibet and Taiwan. To safeguard its claims China is making developments which are taken military developments on these islands on the other hand China is engaging these states on different platforms for trade and economic activities.

There is a strong assumption that China in next 10 to 15 years will emerge as great military power as according to latest economic data China is ahead from the US in economic growth. So, such an influential rise will pose a threat to the US security paradigms within region and ultimately to existing World Order. Economic and political weaknesses of ASEAN countries will not prevent China to be a main player of the regional and the US engagements at its own domestic or internal affairs will keep it in apposition to prevent China only to be a global hegemon. However within the region there is a huge reliance on the US and its military strengths for protection of existing system, assurance of stability and for the deterrence of China.

Besides that a careful consideration of geostrategic environment within South East Asia suggests two other possibilities: one is balance while other is concert of balance (Miller, 1994). In case of balance there will be dominance of major powers including China, US, India and Japan to prevent any country to be a sole dominant power of the region, while concert of power will be a shared agreement of great power, to prevent a hegemonic war. According to liberals, peaceful environment can be threatened in absence of liberal democracies, economic interdependence and the lack of multilateral institution.

7. 2. 7 Global Concerns in Wake of South China Sea Dispute

South China Sea is significant for all the neighboring states, including the South East Asia and Australia, as the majority of Australian freight pass through the South China Sea, in case of any disruption by China, Australia could face \$20 billion worth of cargo per annum for rerouting its cargo communications. This is not only Australia which will pay the cost rather all the countries of South East Asia including Japan and South Korea could face the worse situation. According to different analysts such as such as Malcolm Cook, who submits that China “doesn’t have the clout” as is mentioned by Anthony Fensom, to exert hegemony in the region apart from the states of Cambodia, Laos and Myanmar, shutting the South China Sea would damage Southeast Asia as well as curtailing the flow of goods to larger economies, such as Japan, South Korea and Australia (Fensom, China Shuts Down the South China Sea?, 2016). It is noteworthy that geostrategic paradigms of Asia has been changing, besides the reemergence of Russia and the US is also responding it , that the US is fully aware of the changing situations and has ability to respond to it. According to the US former Secretary of Defense Chuck Hagel, on June 1, 2013 in Singapore, “The United States will continue to implement the rebalance and prioritize our posture, activities and investments in Asia-Pacific because it is important America wisely in the Asia and the whole world” (Remarks by Secretary Hagel at the IISS Asia Security Summit, 2013). According to him “The United States Army is also designating 1st Corps as “regionally aligned” to the Asia-Pacific region.

In addition to our decision to forward base 60 percent of our naval assets in the Pacific by 2020, the US Air Force has allocated 60 percent of its overseas-based forces to the Asia-Pacific including tactical aircraft and bomber forces from the continental United States. The Air Force is

focusing a similar percentage of its space and cyber capabilities on this region” (Remarks by Secretary Hagel at the IISS Asia Security Summit, 2013). These assets enable us to capitalize on the Air Force’s inherent speed, range, and flexibility. The United States military is not only shifting more of its assets to the Pacific – they are using these assets in new ways, to enhance our posture and partnerships. For example, we are pushing forward with plans for innovative rotational [deployments] in the region at the same time. “Eventually, 2,500 U.S. Marines will be deployed to Australia each year” (Remarks by Secretary Hagel at the IISS Asia Security Summit, 2013).

Following steps have been taken as the goals to be achieved under the rebalancing or pivot to Asia policy

- Shifting of military capabilities from other areas of operations to Asia Pacific including different military equipment, technologies and infrastructure .in shifting of capabilities all three types of forces are involved. The US is committed to deploy 60 percent of US naval capabilities including ten Littoral Combat Ships, seven destroyers, two submarines and one carrier than to 50 percent which was in previous times.
- From military point of view the US is committed to deploy a directed energy weapon and launching of a remotely-piloted aircraft.
- While Air Force is also involved in shifting of lethal unmanned aerial vehicles, fighters and bombers equipped with capabilities of cyber and space and target is to shift 60 percent of its space and cyber capabilities to the region.

- At the same time, according to Secretary of Defence, Chuck Hagel “United States is adding to the capacity of our ground forces in the Pacific after Iraq and as we unwind from Afghanistan.

The 1st and 3rd Marine Expeditionary Forces and the Army’s 25th Infantry Division are all returning to their home stations in the Pacific Theater and this can be considered a great movement from security point of view” (Remarks by Secretary Hagel at the IISS Asia Security Summit, 2013). Thus, both, in short and long, the US wants to achieve its economic goals in terms of engaging ASEAN states into variety of agreement at bilateral and multilateral level. So in overall, to secure its economic interests, the US is committed to engage itself into various economic agreements and new reforms to ASEAN economies for international exposure. Political development in terms of democratic rule is also one of the crucial interests of the US. The US is striving for this by pressuring countries for populist election of representatives’ rule like in case of Thailand or by giving any sort of assistance in case of Myanmar. At the same time different non-governmental and governmental programs are in active to achieve this agenda by the US government.

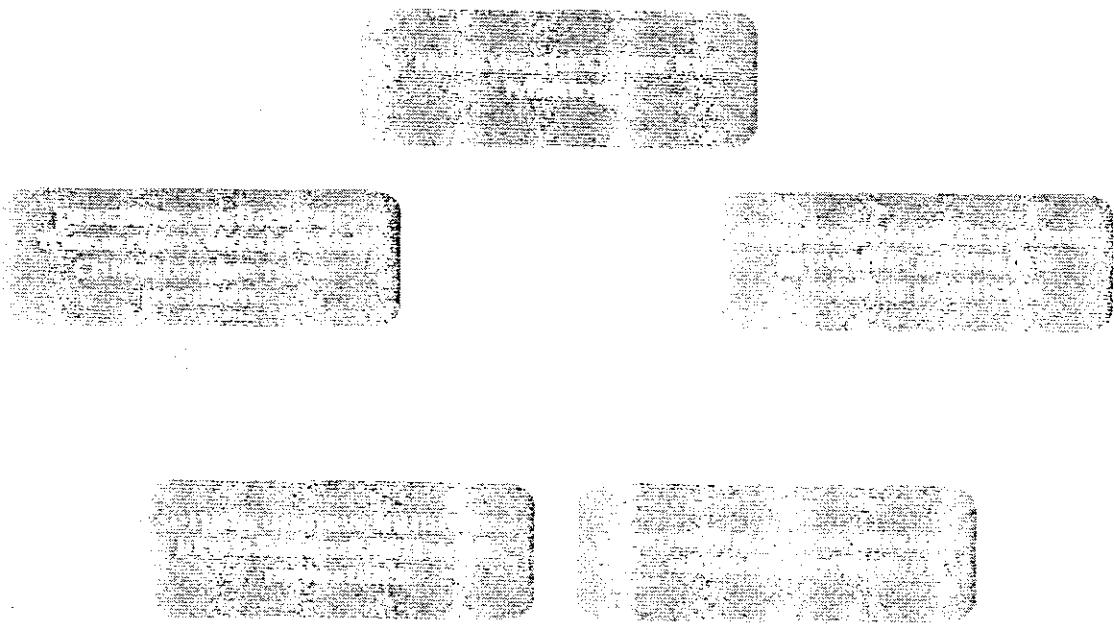


Figure 41: New World Order in Making

Source: Author's own contribution

7.3 Chinese Maritime Strategy

7.3.1 Chinese Maritime Strategy: A Combination of Theories

China's current policy of 'Pivot to Sea' is not a new one rather it can be traced back to the golden era of dynasties in China. During the period two maritime expeditions are considered most vital in describing the China's Pivot to Sea. One was made during Ming period by Zheng. He did eight voyages from 1405 AD to 1433 AD. Although it was a century later than the Western expeditions, however it was significant in many aspects than the Europeans. During the Ming Dynasty, emperor Yongle, who was the third emperor of the Ming dynasty, desired to display the power and wealth of Ming dynasty and China, to the rest of world through its soldiers. These voyages are considered significant for diplomatic, political and economic reasons because the ships were designed for seafaring purposes and not for the combat like the Europeans, whose

purpose was to conquer the foreign lands along with the promotion of trade. In fact, the voyages were neither for the current notion of maritime trade nor for as per the Mahan view, for ‘command of sea’ rather for the connectivity of people and goods through using the sea faring channels (Dreyer, 2007). Zheng He’s voyages have also symbolic significance of China that during the time China was not the land power but the sea power also which was displayed through these voyages.

Along with the Zheng He’s voyages, there is another series of expeditions Beiyang expeditions during the late Qing Dynasty, 400 years later, Beiyang expeditions were first ever naval fleet, however within years it started to see its decay because of insufficient budget, royal corruption, ultimately it was completely defeated in 1894-1895, during First Sino-Japanese war along with other military failures, including the lack of experience in combat on sea, poor training, inferior military, unqualified command (Xinhai, 2005). Whatever the reason was for the defeat in war, the major reason was the lack of awareness with the Sea as they failed the purpose for which the force was designed, the security and protection of land territory from the threats approaching through the sea in form of sea invaders. Through defeat of First Sino-Japanese war, China learnt a lesson to safeguard its sea in order to protect the security of land, however, it didn’t drag China into obsession of ‘command of Sea’, as during ancient time period, China was a continental power in East Asia with a little need to be Sea power. During the ancient time period, before the emergence of their religious philosophies and even after them, China was treated as ‘chosen land, power of the Earth and rulers were ‘the sons of the Heaven’. It was the outbreak of Opium war which made them felt with the sense of ‘humiliation’ initiated by the foreign incursion through the Sea. Upon emergence of new China, the contemporary needs have

given the opportunities to build a Chinese Navy, capable of protecting the Sea lanes of communications, Seas, and land through the Seas (Dou, 2012).

China's current economic initiatives, with a particular focus on the mega commercial activities, keeping in view the worthy geostrategic position of China, being the pivot of the Earth, owning the longest coast, along with massive population, growing economy and subsequent to it the military build-up, suggests a journey towards the new era of the rise. The new era can be termed as the 'Renaissance of China', particularly the renaissance of Chinese maritime slant, integrating with Mahan's approach of Sea Power. Apart from that, these initiatives have been taken to replace US as predominant power in Asia-Pacific region. Mahan theory of The Sea Power started to emerge gradually in the maritime strategy of China which has taken its rise in the form of 'Belt & Road Initiative' (B&RI), announced in 2013 however, it was mentioned in Chinese Intelligence Assessment Report (CIAR), released in May 2011 'Review: When Land Powers Look Seaward' a month later the conference at the US Naval Institute named 'When Land Powers Look Seaward (Andrew Erickson, 2011). In the report, apart from the appreciation for Mahan's work, a desire to transform itself from a mainland power to a maritime power was made to protect the commercial Sea lanes and free navigation of the commercial ships, and Sea power was taken as an important part of national prosperity and progress. Afterwards, Sea power strategy started to take its shape by announcement of 'Belt and Road Initiative' in 2013.

Mahanian school of thought is popular in China and most significant scholar of Mahanian school of thought is Professor Ni Lexiong who makes an analysis of competing claims of The Sea Power Theory and the globalization. Ni believes that China should not follow the traditional concept of The Sea Power Theory, as now globalization factor has revolutionized the institutions

and existing institutions are not similar to Mahan's time. Now states and their interests are mutually interconnected, economically more dependent, and if a country wants to pursue power at Sea, it can only make it possible through cooperation not by a solo flight (Lexiong, Sea Power and China's Development, 2005). Further Ni says that China's on boarding with naval build up will hurt its long term interests by alarming the existing global powers like the US as happened with the Germany during 19th century (Holmes J. R., 2004). However in the era of globalization, Ni discourages the concept of lasting peace that there is no lasting peace even for a pacific international order there will be a mechanism of force to keep the international system in order, hence China will be in need of a 'Muscular Navy' to play its role in the world navy and ultimately in the transition of international order. According to Ni, states still exists in Hobbesion state of mind according to which they have to maintain a strong military power to pursue their self-interest so China has also the necessity to develop a to safeguard against the threats to its 'outward leaning economy' from other nations. Here Ni reminds the 'China's humiliation' from Japanese hands during 19th century in 1894–95 ,during which Qing Dynasty of China was defeated by a powerful Japanese battle fleet (Lexiong, 2007). So here lies the Mahan's principle that one who would control the Sea would control the war and ultimately would be in position to define the course of history. Upon a religious believe on power of Sea, Mahan was also known as the America's 'evangelist of Sea power' (Sprout, 1943) however his over emphasis on power of Sea and gun battleship has difficult to compare and low in relevance with current hi tech naval fleet.

Various scholars have their own viewpoints regarding China, its economic rise and future designs. According to realist school of thought China is building the sand wall subsequently to its rise which ultimately will result into reconstruction of new World Order, if not the World then

regional order. At the same time neorealist claim that emergence of great powers will create a multipolar system which will challenge to secure peaceful balance of power. It is obvious that a bipolar system at least at sea is in making, even within region with power of two pools, on one side is China with a power on mainland while on the other side is the US with a power on Sea.

Why China looking so emphatic for its maritime policy overall and South China Sea in particular? Here lies a grand strategy of China for maritime policy, most vital is the security threat, which engaged the Chinese policymakers for centuries. However, opening up the maritime trade strategy across the world can be taken in various ways, however the major one might be the collapse of Soviet Union, which has minimized the security threat to China's mainland which led to diplomatic success in resolving the border issues with the neighboring states like Mongolia, Russia, North Korea, Vietnam and Central Asian states. There are assumptions that China with its growing economy is striving to become a Sea power without any fear to pursue its inland interests.

Besides that, huge population of China, declining power of communism has forced Chinese leadership to outside for their national interests and to secure their energy as well as marketplace needs and the best option to materialize the interests is to secure the Sea lanes across the world from South East Asia to Horn of Africa and onwards. Primarily economic development is the key factor and the main driving force for its Seaward objectives. to secure the Sea lanes for a smooth transportation of goods, raw material and people is significant for China for its current as well as future development. For the same purpose China has initiated a diplomatic policy based on significance of Sea lanes and connectedness of the world through the Sea by placing the missing links from state to state to involve the local governments to make sure the security of

Chinese coastlines particularly the smooth navigation in South China Sea, East China Sea and the Yellow Sea, is very critical to economic and political survival. In this regard first island Chain is significant for China as well as for America as both have associated their own interests however divergent. First Island Chain, which starts from South of Japan through Taiwan towards Philippines is the buffer zone for China's security while for the US it is included in the 'Defense perimeters of the US'. So for China, it is an impediment as far as China's economic and security development is concerned. To have a sustained command and control within the first island chain would ensure China to create its own Great wall at Sea.

By erecting its own Great wall at Sea China will be in position to get its own 'offshore defense perimeters' which will allow China to operate from mainland as well as from island bases to give a pause to any hostile and foreign entry into waters. It makes it clear that how much Chinese are concerned and sensitive about their offshore defense either for defensive purpose or offensive purpose. Such level of concern has forced China to make it part of their maritime strategy at national and international level which can be seen in their Defense White papers in 2004 and onwards which makes an emphasis on increasing the capability of forces for 'winning both command of the Sea and command of the air', during 2004, it was the first time when officially such directives were announced, most emphasis was made on building up the PLA Navy equipped with new technological armaments, warships and aircrafts (David Finkelstein, 2005).

Further, the extent on the level of engagement was yet to be defined, nevertheless, the main area of focus was made on the US superiority areas. This vision led to a strategic doctrine with an emphasis on the force structure, personnel policy and other developments. For China, the offshore island has a geopolitical value for both defensive and offensive approaches which will

allow China to follow the Sea denial approach. It would work as a passive defensive technique to operate from the exterior space to safeguard the interior mainland. For the same purpose, China has derived more significance to maritime strategy in its foreign policy.

China's strategy for the 'Active Defence' can also be traced back to Corbett's views with an ability to strike back, in form of Mao Zedong's notion of 'protracted war'. The capability of joint operations in a loose cohesion of services is also significant for China's stretched Seaboard. Hence, for China Corbett's theories on maritime and land respectively, to become a power provides a positive chance to work in the context of China's peripheries of islands located in the disputed waters for conducting operations.

Although China acknowledges the strengths of Mahan's philosophy, however, it understands that for the coming situations and emerging security order, to rely on the guidelines of Mahan independently would not be recommendable. So along with Mahan, China has taken a broader and balanced view point of Corbett for the best possible utilization of land and maritime boarders. Thus, China has absorbed multiple theories in their native idea in order to achieve its goals and operations to meet the state's security environment (Sekine, 2012).

According to James Holmes and Toshi Yoshihara, 'China's more emphasis is not solely on naval supremacy instead a maritime state by following the Corbett's outlines. According to them, comparison of Mahan and Corbett is gradually appearing in Chinese military assessments and evolving in Chinese military literature as 'Some Principles of Maritime Strategy' since 2008. According to Chinese, only knowing Mahan is dangerous in comparison of Corbett. James Holmes and Toshi Yoshihara, Mahan and Corbett are equally significant to China as it has historic traditions of being a continental power (Yoshihara J. H., 2010).

China's emerging naval strategy is critical at both ends either in the case of naval development or the engagement of naval fleets; a time when needed which is a true depiction of traditional maritime strategy in the context of modern warfare. Ideologically Chinese are more obsessed with their communist ideology and the great leader Mao Zedong who was scornful towards the concept of passive and assertive for active defense which is evident through his military writings in which he makes it clear that active defense is the real defense while passive is only a spurious one (Tse-tung, 1936).

According to Mao, his theory of 'protracted war' has been misread as he tried to detach himself from the Western view of Chinese passive defense by giving the metaphor of 'Great Wall'. He elaborated that 'Only a complete fool or a madman', he announced, 'would cherish passive defense as a talisman'. Instead, active defense referred to the art of preparing the conditions for a strategic counteroffensive culminating in a decisive engagement (Tse-tung, 1936). He further made it clear that there were no military or military strategists who could favor the passive defense. Sun Tzu, as his favorite strategist, also showed his priorities. Taking him into consideration, Mao used the direct and indirect attack strategies during encirclement and suppression even at domestic level during civil war and was able to take the shift of balance of power in their favor which showed an agile approach to warfare with combination of offensive and defensive tactics. Mao quoted Sun Tzu that 'avoid the enemy when he is full of vigor and attack when he is fatigued and withdraws'. Mao used a term for Chinese communist forces as 'a clever boxer' who usually gives a little ground at first, while the foolish one rushes in furiously and uses up all his resources at the very start, and in the end he is often beaten by the man who has given ground' (Tse-tung, 1967).

Mao's speculation about the active defense can be explained by his example of Japanese in Sino-Japanese war in which Japan was invading on 'exterior lines' to encircle the Chinese land who were defensing on 'interior lines'. Since then the outlook of encirclement has stimulated the Chinese military strategist to investigate about the countermeasures. Exterior and interior lines can be defined by the US Army 'A force operates on interior lines when its operations diverge from a central point. With interior lines, friendly forces are closer to separate enemy forces than the enemy forces are to each other. Interior lines allow a weaker force to combat power against a portion of the enemy force by shifting resources more rapidly than that of the enemy's. A force operates on exterior lines when its operations converge on the enemy. Operations on exterior lines offer the opportunity to encircle and annihilate a weaker or less mobile enemy; however, they require stronger or more mobile forces (FM 3-0 Operations, 2017). Relegated to the interior lines, Chinese communist forces typically fought at a disadvantage relative to their adversaries. Even so, maintained Mao, it was 'possible and necessary to use tactical offensives within the strategic defensive, to fight campaigns and battles of quick decision within a strategically protracted war and to fight campaigns and battles on exterior lines within strategically interior lines'. While he was analyzing the guerrilla campaign against Japan, he assured his readers that this maxim 'holds true both for regular and for guerrilla warfare' (Tse-tung, 1967).

Based on the above assumptions, Mao advised the commanders 'to initiate a war at micro level offensives within a macro level defensives take a position at a strategic point where they could exhaust and drain the enemy'. He went on to affirm 'concentrate a big force to strike at a small section of the enemy force' and annihilate it, he advised. He proclaimed that' it was better to cut off one of enemy's fingers entirely than to injure them all (Tse-tung, 1967). Mao's approach is equally significant for the Sea and land warfare. A similar is view point is adopted by

the Chinese naval strategist Ni Lexiong who has given his ideas based on the assumptions postulated by Mahan and Mao that first, Island chain is significant to keep China safe from the US hold. So offensive measures are recommended by the Chinese geostrategic to secure absolute control over the entire areas that are included in the first island chain which has been given a name by Rose and Nathan as passive Great Wall strategy that is dangerous in nature (Tse-tung, 1967). The current maritime strategies of China are based on the combination of Mao and Mahan's notions of Sea as potential power with an ability of active defense in the form of command within waters of vital interest (Yoshihara J. H., 2006).

China's maritime strategy is based on the Sea Denial Strategy which is bound to create conditions to deter or stop the adversary from operating in a given nautical territory for a long period of time that is defensive in nature. At the same time, China is using offensive measure, tactics and techniques to execute the strategy. China is developing its forces to execute the Sea denial strategy in littoral waters along with purchasing arms from Russia since 1990s. Modern diesel submarines which are difficult to detect, armed warships with anti-ship missiles, hi tech radars are key players in pursuing this combination of approach (Holmes T. Y., 2005). These hi tech arms are the part of Chinese military modernization effort, once they got littoral and expertise, they would be able to counter any hostile activity into its surrounding waters (Yoshihara, 2006). Currently, China is heavily dependent on installations located on mainland to combat an adversary which China is trying to shift from mainland interior lines to exterior lines. By creating an exterior point to operate, China's mainland would be in position to have more depth strategically which would help China to force its adversary to enter into a combat at its own military terms and conditions, it would be same which is mentioned by Mao as the 'Boxer technique' (ADIE, 1972).

The US and China both have built their capabilities in command and control, China in fact is trying to overcome its capabilities weaknesses and edge taken by the US in technological advancement and particularly the supremacy of air command which is considered a prerequisite by the analysts for surface fleet operations. According to one world view, in case of any contingency, China can deal it by blunting the US offence capability and leading its warships and fleets to more vulnerable for counterstrikes. So a vigorous approach by China to develop its air defense would open the horizons for offensive defense as is advised by Mao Zedong. However China can only make it practical and challenging only by bringing all the forces on the forces to look skyward along with armed surface vessels. While according to another world view, even by developing its capabilities alone in one discipline or the combined, China would not be able to get an edge on the US particularly in littoral warfare.

In case of any contingency, Taiwan would play an important role, it will act a buffer zone or a Great wall of water, and thus it would extend China's perimeters in terms of defense outward and would bring China in a position to enclose South China Sea, East China Sea and the yellow Sea. This outward defense would make China in a position to act offensive defense. According to Maoist perspective, China's littoral Seas would make an ideal theatre for prosecuting micro-level offensive operations within the macro-level defensive campaign the PLA will face so long as the United States and its allies in the region maintain their overall maritime supremacy (Zalmay Khalilzad et al., 2001).

In the strategy of active defense China might have two strategies towards the US 1) to prevent the intervention from the US, in case China fails in doing so 2) it would maximize the power to over through the US Navy to stop them to venture a war from surroundings of Taiwan. In case of failure of

deterrence approach, it would adopt an offensive strategy by application of surface fleet action in Taiwan to Ballistic missile strikes on bases in Okinawa and Guam and airstrikes on the US carriers along with submarines operations (Zalmay Khalilzad et al., 2001).

7.3.2 Visibly Peaceful Actions with Invisible Intentions

Regardless of peaceful statements, by all the agents involved in the changing dynamics of power, future Military conflicts have been predicted by many geo- strategists. According to Kaplan, Chinese recent strategic designs although show regional projection of power (Kaplan R. , 2010), however, he quotes John Mearsheimer who declares it an inevitable military conflict between the United States and China (Mearshimer, 2006). Bill Gertz describes China as “the most serious national security threat the United States faces at present and will remain so into the foreseeable future” (Gertz, 2000). Finally, Steven Mosher argues that “The Communist Party leadership is engaged in a long-term struggle with the United States for world hegemony” (Shambaugh, 1999-2000). However, in future, China can face other hurdles on practical grounds like military leadership with least exposure, to all kinds of latest technologies and military doctrines. At the same time, large numbers of junior officers are there who have international exposure, have spent their time abroad, knew the foreign languages but overall PLA has no experience to combat. Same is the case with literature on military, many books and journals published by PLA publications but not available for foreigner as either they are never translated or their access is restricted to others. So the interviews are only source of information either by ex-military officers affiliated with strategic institutes as think tanks or military attachés posted abroad (Shambaugh, 1999-2000).

With the prominent indicators of economy and military developments, China is seeking the attention of the world which is paving a path for the predictions of center shift from West to East. Various theories describe the world's order, its nature and time periods. When the question addresses the US, it generally falls in the scrutiny of the debate that questions the assumingly celebratory unipolar system. There are many theories which describe the rise and fall of great powers. One of them is the Cycle Theory which states that after 50 to 100 years, the existing powers may face a fall while some new powers may emerge (Organski, 1958). The main reason behind the fall of great powers is based on the military engagements at different fronts.

In modern age, according to few scholars, it is very intricate to maintain a status of 'being a unipolar' due to the growing and emerging powers for a long period of time as the technological advancements are allowing other states to get in and take their shares. While other believe on counter balancing measures, as according to them, balancing does not work especially in the situation where the great power or the so called hegemony controls many levels of powers. While talking specifically, many experts, especially from the Middle East and from rest of the Muslim world believe that the US power is dependent on regional domination or direct political and economic domination of the other states, and with the passage of time these states will act in a more hostile way towards American interests at bilateral as well as at multilateral levels. Thus states can use different tactics to force the US to avoid playing with others rules and for this purpose most efficient tactic can be withholding of cooperation with Washington (Winterford, 1993). China is persistently modernizing and expanding its military capabilities, active promotion of high technology with huge population is giving it a position of an economic and political power. Huge number of population is one of the important indicators, transforming it into a great economic and political power. However, according to the US Census Bureau China's population

has been projected to be 1.4 billion by 2020 but their standard of living is far behind from Western countries so it is a hurdle in becoming a great economic power (CIA, 2001).

China is becoming a trade giant as its manufacturing as well import exports are growing day-by-day. China is declared as the third largest producer of manufactured goods behind the US and Japan and its share has been risen from 4 to 12 percent in last decade and China growing speed is about to surpass the Japan in manufactured goods as well in exports.

The South East Asian states are also admitting this reality by forging their relations with China despite their consistent issues with the countries. These states are trying to make positive relations with China and making adjustments to accommodate different issues like Taiwan and other intrastate issues. At the same time, these states are approaching the US by different engagements to counterbalance China's growing influence. China is striving to get hi-tech power, for the same reasons it is acquiring weapons from Russia to develop and modernize its weapons, it will keep doing that until it will get a status of first rate military power.

CHAPTER 8

IMPLICATIONS OF CHANGING POWER DYNAMICS FOR THE ASEAN REGION

8.1 China's Foreign Policy and ASEAN

China's foreign policy has seen different gradients throughout history in order to pursue its national interests. Generally, the foreign policy of China has been divided into different phases named after their leaders: Maoist era, which was based on two decades from 1950s to 1970s, during these two decades various experiments at regional level were taken, however, the focus was made on Asian and African Strategic Co-operations. Next, the Deng era was based on two decades from 1980s to 1990s, during which the focus was made on developing itself. This phase started from the late 1970s which got enthusiasm during these decades that led China's current active foreign policy in line with the realization of their economic and geostrategic interests. Since 1990s onwards, particularly with the inclusion in APEC and reforms at home, it is seen as a boom which wrote the success stories up till now.

China is securing its economic interests in order to achieve its higher goals in the world system, more emphasis is put on economic growth and distribution of economic growth to the parts of the world by using different tools and variables. Main part of foreign policy has been promoted by engaging economic tools used to carry out the further economic activities which include trade, investment and the aid in line with cooperation at the various economic fronts. There is need to investigate the categories in which China is deeply involved. According to a member Takaaki Kobayashi of Japan Bank for International Cooperation 'When we look at the

rapidly growing [China's] aid to the resource-rich African countries, we can see Chinese companies (which are very competitive thanks to China's government preferential loans) dispatching a large number of workers (=outward labor cooperation), building plants (=outward construction contracts), transferring technology (=outward design consulting) and capital (=outward FDI) as well as supplying materials (=foreign trade) to the recipient countries, so that a system of resource development is fully established' (Suehiro, 2017).

ASEAN has always been an area of interest being the neighboring area, however, since 1990s cooperation between both of the partners started which led China be a 'consultation partner' at ASEAN in 1993 which was promoted to a 'dialog partner' in 1996. During the coming years, China's foreign policy took a shift from its relations to an organization to more emphasis on bilateral relations with the member countries which given an advantage to China to pursue its goals individually with each of ASEAN country than to a collective body.

ASEAN is considered among the top economies of the world as it is the third largest economy of Asia and comes on number seventh in the raking of global economies. Being a region undergoing urbanization as an important driver in economic growth, South East Asia falls under the fastest urbanizing region as evident during the last four decades when around 57 million people progressed to cities. Only in Indonesia, around 30 million people moved to cities for better living and more opportunities (John Dowdy, 2014). ASEAN is equally significant to China and the US for their identical economic and geo strategic reasons, yet, China remains at an advantageous position in terms of its geography, historical links including Chinese diaspora and the economic activities within the ASEAN countries. Since the 2010 FTA had been operational within the ASEAN countries, economic relations between both partners have touched new

heights. The US ‘Pivot to East Asia Policy’ included many initiatives to expand its influence throughout the region. One of those measures was the TPP which was later abandoned by the new Trump administration. In line with TPP, the US government took a new measure for the US-ASEAN Connect with emphasis on four areas of Energy, Business, Innovation and Policy connect, to establish a platform within three focus areas Jakarta, Singapore and Thailand for better cooperation and coordination for better ASEAN and the US engagement to facilitate the business community. For the same purpose a symposium was held in 2015 named, Energy Infrastructure Symposium and Reverse Trade Mission for Energy connectivity and access to clean energy goals with the support of the US government agencies (Ting, 2016).

Since 1990 with the transformation of Chinese economy, China has reviewed its foreign policy as well, to deal with its neighbors and particularly the close neighbors like ASEAN countries. Many things were redefined during that course including the policies for regional activity which led to final destination of regional connectivity. Since the beginning China, favored the bilateral and multilateral relationships with ASEAN at various fronts despite of many ups and downs. There were two major factors which shaped the future relationships, global economic activity at the hands of globalization and other was consequent ‘China’s economic boom’. These two factors became the main themes for future relationship and for greater regional activity. Financial Crisis of 1997 in Asia was very momentous for reshaping the regional relationships. It guided the states to be less dependent upon the greater power and great powers led multilateral and particularly financial institutions. It also led to seek sense of regional identity and intense regional connectivity towards the path of ASEAN+3 (ASEAN Plus Three, updated 2017).

8.2 Divergence of Interests

Here it is significant to note the divergence of interests within ASEAN states, in having relationships with China. Diversification of interests and relations is so vivid that it can be categorized into different groups, like Philippine-US relations, Japan-US relations, Indochina-US relations, Indochina-China relations and US-China relations. Variation in relationships is also significant for structuring the balance for power in Asia. Keeping in view, the complex nature of relationships among ASEAN nations, Chinese analysts suggest bilateral relationship for growth and prosperity of the region. According to Yong Deng, a Chinese scholar; “ASEAN-style engagement shows that, to integrate China in the international system, the engagement of multilateral institutions and regimes can only succeed with corresponding bilateral diplomatic ties between China and the main definers of the international regimes” (Deng Y. , 1998). Various maritime issues have been witnesses between ASEAN states, China and the overlapping claims are also a major factor in bilateral relationships and the nature of fluctuations in these relationships. However there is need to understand, whether the maritime issues are more powerful to interplay between ASEAN region and China, apart from other economic factors for regional connectivity? If the maritime dispute is significant, the question remains that up to which level can they hinder the economic relationships?.

8.3 The Zone of Relative Peace and Relative Conflict with a Rise in Military Budget

South East Asia is a region where peace and conflict go side by side. Such location makes it significant for entering in peace and conflict situations easily, however in this regard regional and global players always had an important role to play. Currently within South East Asian states,

a trend for military procurement is increasing day by day, as countries are spending much on military modernization and development since 2000, it has been estimated that rise in military is 9 percent on an average on yearly basis (nan tian, 2017). However this approach is not similar amongst all countries rather it varies from state to state. Change in strategic thinking is observed in response to the change in regional strategic environment. Regarding change in strategic factors, obviously the rise of China is considered the leading factor. In actual, the process of military modernization did not start in 2000, rather it dates back to the Cold War, when ASEAN states started to develop their armies and got focused to add new capabilities in process of military modernization, including command and control, precision to strike, surveillance and other advance capabilities. However current prominent trend of militarization in ASEAN region is due to the rise of China, but this is not the only mentioned threats, keeping in view that it remains the most important amongst others. According to International Institute of Strategic Studies London 'as China's economic strength, diplomatic confidence and military capabilities increase, this rising power looms larger in the calculations of the ASEAN governments'. This is the same phenomenon that has prevailed throughout the South East Asia. Increasing military activity has few ultimate upshots. Growing trend in increase in military budget is subsequent to the profound economic growth in the developing world and mainly within Asia. Military Expenditure of Vietnam and Philippine in last decade has been shown below, depicting massive increase throughout this time.

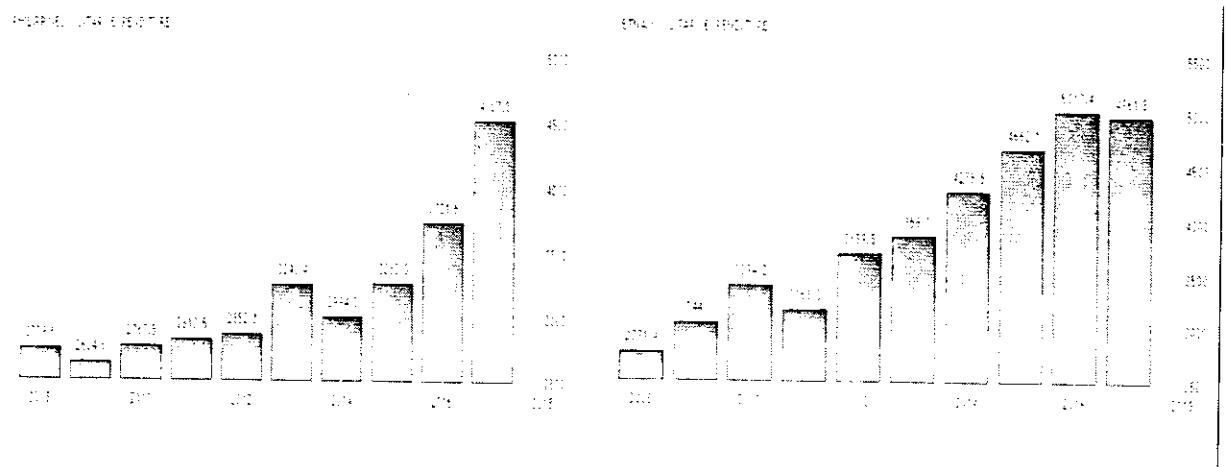


Figure 42: Increasing Military Trend

Source: (Vietnam Military Expenditure, 2017)

Procurement list is very huge in terms of weapons including submarines, patrol air crafts, radar system, warships, and naval fleets etc. Although economic growth is significant and the most general pattern existing behind the growing military expenditure, however, there are other driving motives as well behind the rising military expenditure within South East Asia. South East Asian economies are growing with an average growth rate of 5 percent from last four decades, mainly based on production sectors of logistics, real estate, financial services and construction which have been growing with the similar growth of 5 percent yearly (John Dowdy, 2014). Persistent economic growth is the important feature of the region which has put it into the fastest growing economies. Amongst all, Indonesia and Vietnam have the potential to lead the economic growth of the region, leaving behind the Africa and the countries of Latin America. Besides the growing economy, other factors are the aging equipment, old technologies, old technique to combat, and aspiration to establish local weapon industry, to fulfill the future needs along with the assessment of security threat in geostrategic environment.

Arms imports by states in the South China Sea

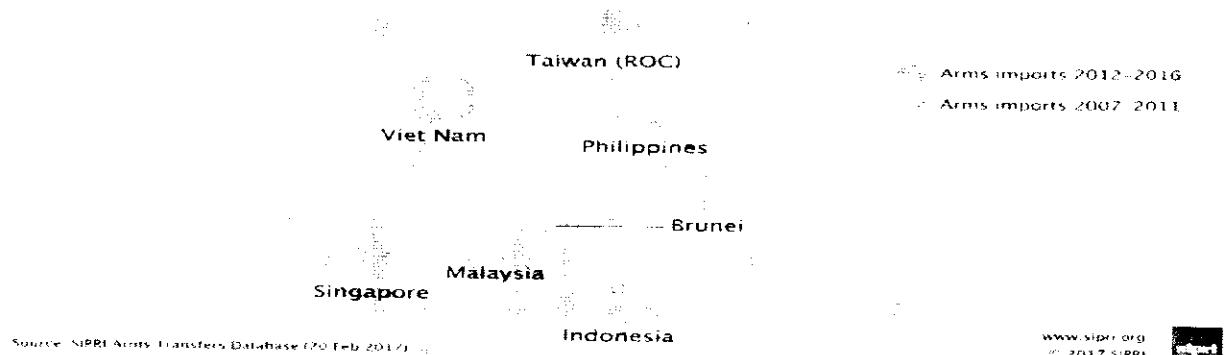


Figure 43 : Arms Imports by States in South China Sea

Source: (Kate Blanchfield, 2017)

Modern technologies, including the precision-guided weapons, introduced in last two decades have also played a significant role in developing and modernizing the forces, in wake of unpredictable threats which use multiple tactics to conduct their activities. Same approach has made the ASEAN countries to realize the new nature of threats and to equip themselves to confront such threats and adversaries. Meanwhile in few of countries which although are already well equipped, however facing the issue of ageing of weapons like the Philippine and Vietnam adopted in 1970s and 1980s while Singapore is considered one of the most developed country among all, because of its engineering technologies and capabilities for submarines, land system and aerospace.

Besides the replacements of old technology, ASEAN countries are aspired to get modern war machinery and other related equipment locally, which they lacked in terms of heavy mechanical complexes, munitions industries along with the designing technologies on the basis of Turkish Model (Lundmark, 2013), as Turkey is the supplier of many weapons which are provided by local defense industries. Turkey has got this status by putting the heavy reliance on research

and development and opting for a ‘smart offset policy’, to deal with the technology transfer and intellectual property issues. Further, in case of import of military technologies and arms, increased military budget is needed for repairing and overhauling purposes. For the same purpose, many of states are making strategies for joint defense agreement with the arm exporter countries, which include the manufacturing of various weapons locally according to the needs of the countries. In the same capacity, Indonesia has signed an agreement of worth \$164 million with the US based defense company, Thales Raytheon Systems (TRS), for an Air Defense System (Indonesia orders air defense system from Thales UK, 2014). Besides the supply of Air Defense System, TRS would transfer a few other technicalities and skills to manufacture radar system and other technologies locally. In this regard, Thailand is achieving success in establishing local defense industry; a Thai company Chaiseri has made a 4x4 armored vehicle for multiple purposes, in collaboration with DRS Technologies which is the US based company (John Dowdy, 2014).

The urge to foster and develop the local industries, making the ASEAN states more prone towards militarization; like Philippines has made indentures to swap its old UH-1 Huey helicopters, with eight AgustaWestland-109 utility helicopters (Philippines orders AW109 helicopters, 2013) while Vietnam is in process of replacing its 12 Sukhoi SU-27 and 12 Sukhoi SU-30MKs with 12 Sukhoi SU-30MK2V fighters and such other defense equipment from Russia (Russia Sells Vietnam 12 Sukhoi Fighters, 2013).

There are many future opportunities to expand the military industries in changing power dynamics. Most important factor in fostering local defense industries is the role of Foreign Direct investment FDI which can engage many regional and global players, to cooperate with the local

defense industries, as many governments are friendly for FDI in defense industries like Singapore and Thailand, where a simple government approval for manufacturing and distribution of small defense equipment is needed to proceed. While in Vietnam and Myanmar private ownership of defense industry is prohibited (John Dowdy, 2014), however it is trending in the whole region, making this zone vulnerable.

8.4 Increased Economic Activity

Since the Financial Crisis of 1997-1998, China has been declared as a trustworthy partner, since the 2013, ASEAN region and China are on a new track of economic integration under the umbrella of 'Belt and Road Initiative'. During the financial crisis, China has given financial assistance to Indonesia and Thailand, along with the IMF and did not choose to devalue its currency against the dollar, which boomed China's relation with ASEAN as a trustworthy friend, particularly in comparison with the US and Japan. Meantime, ASEAN-China Free Trade Agreement (ACTFA) was also signed and is operational since 2010. It was with economic and political goals, to be achieved at both ends from access to raw material and to market furnished goods of China. By growing relations, China was the main trading partner with ASEAN. Besides the potential benefits for the both parties and their diversion from West, diversifications of trading goods, there still exists a fear about the traditional regional influence of China over the region which was intensified by the China's membership in WTO in 2001, which has given a boom to FDI inflow towards China, with an increase in economic insecurities in ASEAN countries.

Table 5. Trade between China, Vietnam and Philippine in last five years

YEAR	Vietnam Imports from China	Vietnam Exports to China	TRADE BALANCE	YEAR	Philippine Imports and Exports to China		TRADE BALANCE
2013	48,586,293	16,891,893	-31,694,405	2013	13,181,329	19,868,125	1,686,296
2014	63,730,014	19,906,398	-43,823,616	2014	20,984,132	23,473,577	-2,489,445
2015	66,017,020	29,831,745	-36,185,275	2015	18,955,664	26,570,791	7,605,127
2016	61,094,097	37,171,604	-23,922,493	2016	17,395,391	29,836,567	-12,440,676
2017	72,117,144	50,374,166	-21,742,978	2017	19,148,726	32,117,391	-12,968,665

Source: (ITC, 2017)

Relations of South East Asia and China are based on shared norms of international relations, particularly the norm of state sovereignty with the promotion of 'Asian values', along with other strategic preferences like the emergence and existence of multi polar world .In 1990s, China made policy reforms in domestic as well as in foreign level. In this regard at foreign level, China adopted the policy of multilateral cooperation. To achieve this ultimate goal, they are striving at various fronts by collaborating with each other and at multiple platforms like ARF and ASEAN +3.

It is analyzed that China's emphasis over multilateralism is the result of 'ASEAN Way' approach and putting ASEAN on driver's seat on basis of win-win situation. In this regard, ARF can play a vital role by applying different basic principles of noninterference in domestic matters; no interference on regional powers with in region. Application of such principle would automatically allow China to emerge in the region and to keep the US and other powers inside the region. So these principals are in parallel with the strategic interests of China. After a deep analysis, China's chief interests are supposedly the following Economic development in terms of trade and in the other words the smooth access to South China Sea, in wake of any confrontation

in Malacca strait, regional stability along with absence of the great powers in its surroundings. While at the same time ASEAN countries have also their own interests like economic development of the region, smooth settlement of the South China Sea issue through peaceful means and presence of great powers in the face of rising China, to counter the China's hegemonic designs as a regional player. Here lies both the convergence and divergence of interests between both of the partners, resulting in different outcomes. In case of economic development in cooperation with China, ASEAN will be able to achieve the economic goals however would be able to deal the South China Sea issue at bilateral level or even on multilateral level. Meanwhile the possible rise of China in economic as well as at military level would ultimately be in a position to push away the great powers influence from the region and to strengthen its own.

From the above discussion it has become clear that ASEAN region has strength in its weakness, as it has contributed a lot to create stability in the region by bringing the regional powers on the same table through diplomacy. However, same strength has also become its weakness as well because ASEAN region would always be dependent on the external dynamics to alter its fate (Putten, 2011).

Regarding South East Asia, there is a famous phrase that 'Land separates but sea connects' (Davenport, 2013). South East Asia or the ASEAN countries have distinct geographical position with their maritime character. Out of ten, nine countries have their coastal boundaries, besides this region has two countries having the status of the largest archipelagoes of the world (Davenport, 2013). Thus maritime character is mostly described as the "first and primary unifying factor of Southeast Asia" (Sam Bateman, 2009). Meanwhile geographical location has also assigned the region an important position, to connect the North East Asia and other Western

maritime powers including the US. On the basis of its features and geographical location as a connecting way between Indian and Pacific oceans, ASEAN states have wide maritime interests as most of them are enclosed with seas, oceans and vast range of archipelagoes. Such geographical congestion has created overlapping claims for their territorial seas, continental shelves, exclusive economic zones (EEZs) which have led to the creation of territorial disputes among the whole region. These conflicts are creating troubles not only in maintaining bilateral relations but in other aspects as well.

8.5 The ‘ASEAN Way’

Besides that, the geographical character of ASEAN is “complicated with gulfs that penetrate deeply into the mainland, a multitude of large and small islands and wide and narrow (continental) margins” (Davenport, Legal Implications of the ‘South China Sea Award’ for Maritime Southeast Asia, 2016, p. 86) (Schofield V. P., 2005). All ASEAN states are members of the 1982 United Nations Convention on the Law of the Sea except Cambodia (United Nations Convention on the Law of the Sea (UNCLOS), 1982) and are using different legal means to resolve their territorial issues and therefore, South East Asian countries are known as the successful, active and innovative in boundary diplomacy (Goh, 2003). Agreements made under boundary diplomacy have been divided into two groups: Delimitation agreements and provisional agreements, first one is categorized with agreements agreed upon while second one is categorized with the agreement not agreed upon (Davenport, 2013). It is stated that there are 29 delimitation agreements while the number of Provisional agreements are ten. Involvement into delimitation agreements and consideration for provisional agreements shows the level and choice of South East Asian states for negotiations. For the same purpose, a term is famous as an ‘ASEAN Way’. The “ASEAN Way” is often used as jargon to designate a set of norms through

which ASEAN states deal with each other and with their neighbors. Same is mentioned by a scholar that ASEAN way means “This includes the principle of seeking agreement and harmony, the principle of sensitivity, politeness, non-confrontation and agreeability, the principle of quiet, private and elitist diplomacy versus public washing of dirty linen, and the principle of being non-Cartesian, non-legalistic” (Goh, 2003) while only one dispute in the Bay of Bengal, between Myanmar and Bangladesh has been submitted to third party. The reason behind hesitation to submit the case to a third party or to a legal body is the involvement of sensitive issues of sovereignty along with local issues related to that. Besides that, the lack of presence of legal team members like Asian judges and others from the region along with the domination of Western values and influence are also the reasons of reluctance to trust on such legal institutions (Valencia et al., 1999).

The ASEAN region is growing economically and is considered as one of the most growing regions; however it lacks the strong political governance, which does not allow it to adopt a strong position and stance over any dispute. Besides that few of ASEAN states have divergence of opinion over the issue. In the meantime, China is engaging the ASEAN countries at bilateral level in various projects of development including the ‘Belt and Road Initiative’ projects, by making heavy investments and trade. It is important to note that two corridors out of six corridors of B&RI pass through the ASEAN region, which includes the Vietnam and Philippine as well. Initially Philippine was excluded from the B&RI however since 2016, under the administration of Duterte, relations have been improved and there are negotiations to make Philippine part of the project.

Trade that passes through the South China Sea every year is worth of 5 trillion dollars and in order to make such costly trade, there is a prime responsibility of the ASEAN region to secure the maritime route and make the South China Sea a conflict free zone. During the 24th ARF

(ASEAN Regional Forum) meeting held in August 2017, strong pledges are made to settle down the dispute. However China is the prime trading partner of the ASEAN, so it is difficult for the ASEAN to go against the China, or to adopt any rigid stance, particularly in presence of the passive response from few of the ASEAN countries like Laos, Cambodia and Myanmar. The purpose behind the complete silence over the dispute is dependence on China for many reasons. Besides the above mentioned reasons, there are other pros and cons, particularly regarding the structure and working mechanism of the ASEAN, as a regional organization. Few of them are as follows;

- The dearth of cohesion amongst the ASEAN members
- Slow mechanism of decision making
- Limitations on execution of code of conduct mainly because of principle of 'Non Interference'
- Existence of China and ASEAN in a core- periphery relation

Lack of unity and official position, any official mechanism to solve the disputes is the prime cause of development of the South China Sea issue, existence of it and the future implication of the dispute lies in the disunity of the member states. Absence of any official policy from the ASEAN states to resolve it, principle of noninterference in other countries internal matters is aggravating the situation within the region.

Apart from the inability of the ASEAN to develop a joint mechanism, there is a core-periphery relationship that exists between China and ASEAN since centuries. By taking the advantage of that, the China is also diverting the attention of the ASEAN states by adopting the bilateral diplomacy, by negotiating with the states on core issues at bilateral level. To engage the states at bilateral level has multiple reasons but mainly two, one is the greater area coverage of China and its population while the other reason is to delimit the chances of the US involvement into the issue. For the above mentioned reasons, the ASEAN is not in position to adopt a strong stance over the South China dispute. However despite of multiple weaknesses almost all the ASEAN countries are engaged with other regional and global powers, to mute the China's activities within region, in context of the South China Sea dispute. In addition to that, multiple trends are emerging in the wake of South China Sea dispute, including the diplomatic engagements at political, economic and geostrategic fronts, which can prove fruitful as well as harmful in long run.

CHAPTER 9

CONCLUSION, FINDINGS AND RECOMMENDATION

In general, China's economic transformations are under a rapid growth as witnessed globally with the tremendous change in China's diplomatic behavior. The world has seen China taking a prosperous position in international affairs with its strong position on island reclamation as part of 'national interest', launch of trillions worth Belt & Road Initiative engaging more than 100 countries almost from all of the continents across the world. In addition, the engagement at many non-western multilateral platforms' such as the 'Boao Forum', B&R Summit, as well as the witnessed activity involvement in world affairs, with an active military diplomacy across the globe including military exercise in the Mediterranean, the Baltic Sea and the Sea of Japan. Moreover, the establishment of the first naval base in Djibouti with a possibility of incorporating other countries in the journey of economic development as well as the establishment of non-Bretton wood multilateral financial institution AIIB that is currently investing in many states across the world mainly in Asia with successful funding in different projects of infrastructure.

9.1 CONCLUSION

All the above mentioned developments suggest the rise of China at economic fronts while also strengthening its security by simultaneously modernizing its military, air and naval power. At the same time, China's major constructions within the South China Sea in the form of air strips, light houses and other developments have made the ASEAN and other global powers concerned. The South China Sea is equally vital for the other six Claimants involved in the competitive

assertions, however, the nature of claims is based on historical evidence and yet to be decided either within a historical context or in the context of UNCLOS. The South China Sea is declared as the 'the core of national interest' as it is part of China's foreign policy with the huge development on China's part to include it in its foreign policy by making it the part of all its official statements, diplomatic forums, to formulate it as 'the core of national interest' which was not till a decade ago. Economic benefits, geostrategic significance and presence of energy resources have turned the South China Sea into a 'dangerous maritime dispute' which is competed by many states. There are concrete facts on China's requisition to erect a water wall around its mainland by securing its First Island Chain and Second Island Chain instead of its hegemonic designs apparently.

Regarding the South East Asia states, there is an appealing chemistry between China-US. More or less, all South East Asia countries have economic relations with China, however, their security ties are stronger with the US including Singapore, Philippine, Thailand, Malaysia with Myanmar and Vietnam also on the way to building security relations with the US.

For ASEAN, it is an extremely competing environment where China has developed the policy of bilateralism and the US is under the new construction of its new administration. Thus, the ASEAN, along with the divergence of interests among members over many issues particularly on the issue of South China Sea is refraining ASEAN to go for a collective approach and agenda to ease the matter. China is providing a base for 'an Asian order' while seeking joint ventures with its regional neighbours including India. For the same reasons, its leadership has continuously iterated that China's entire projects are not 'marshal plan after Second World War' but are plans in Sunshine and the plans with the win win opportunity. ASEAN is indeed taking benefits of the

Mega Initiatives like B&RI with full participation and engagement in the projects. Strategically, the US has taken a shift from the Middle East to Asia and particularly to ‘Asia Pacific’ which has various reasons mainly the reengagement within the region. The reengagement of the US is closely related to the ‘containment of China’ either overtly or covertly. But mainly the purpose is to be part of the security environment of Asia Pacific which once was considered least important after the Second World War. A similar conclusion was drawn by Paul Kennedy and quoted by many other scholars that the great power status are undermined by various economical, strategic and technological factors that favour the ascendancy of other states in the international system. In the effort to retain supremacy, the dominant state seeks to contain the rising state in the international system. A similar criticism is also made on China’s claims on its major part of the Sea which believes that China may want to enforce its policies and initiative regarding the South China Sea as the imposition of racial superiority of Han dynasty on the other neighboring Asian races and Empires. However it is not the same, particularly in the context of rising China where China is claiming again and again for peaceful rise.

Despite its rising success, China will still face competition at many fronts as it has been mentioned in ‘Made in China 2025’ that China is not self-sufficient in hi Tec and hi Tech based exports and it needs time to reach at that level. Thus China would face a competition from the rich countries and hi tech exporters as well as from the poor countries with their lower labor cost. Meanwhile, corruption and nepotism remain one of the continuous challenges with all potential to lower its credibility. Further, the tug of war between state owned enterprises and private ownership of companies, the tight hold on investment inflow and outflow, and the high amount of state debts which cost 29 trillion \$, along with other restrictive measures may pose severe challenge on its growth. However for China, to meet internal challenges is equally significant as

to meet the external challenges. Therefore, the apprehensions regarding China to emerge as a military power are only assumptions because so far, technologically and strategically China is far behind the status of becoming a super power in terms of the counting equipment, budget, military training and experience. Nevertheless, China has its future potential to emerge as a great power for its strong location basis. Embedded in the theory of Mahan's Sea Power which has been utilized to reconnoiter economic rather than dominance purposes and military modernization, particularly the coastal and naval modernization in the context of South China Sea, which can be taken as a precautionary measure, to secure the Sea lanes of communications. Theories are undoubtedly by product of the existing environment and the prevalent circumstance with few commonalities existing throughout history. Certainly, no existing theory or theoretical framework can justify a certain phenomenon is involved in conceptual framework of ongoing studies, composite of multiple theories. According to the theoretical and conceptual models, it can be said that states have their individual arenas; they act as a living being thus require nourishment for living. According to the Sea Power Theory he trade and particularly the Seaborne trade, work as the nourishment for achieving high economic goals. High economic goals as well as geographical locations of states play a vital role in shaping their destiny. Adjacent seas play their equal crucial role in bringing nourishment home. The control on adjacent seas indicates a control on sea lanes, whereas the control on sea lanes indicates a control on trade which leads states take their shifts from soft to hard power and ultimately giving rise to global influence. An in-depth analysis suggests that all forces of geopolitics work for a single phenomenon which is to be based on the rise and fall of states which is also the actual cause behind the conflict on South China Sea and the Chinese mega economic initiatives. Hence, it can be concluded that China needs Seas to be prosperous; however, China's approach for the seas is yet multifaceted.

China's rise in the context of South China Sea and overall apparently is a journey towards a peaceful growth in the wake of forces of globalization, neo globalization and complex interdependence amongst the states.

9.2 THEIS FINDINGS

1. After consulting a massive literature on the nature of claims, it has been found that claims made by all the parties are historical in nature. Upon analysis, under the law of sea, it has also been found that not a single state is in a position to claim the whole area however law of the sea also has exceptions on the historical claims. There are many clauses and precedents which sometimes go in favour of China, or other times in favour of Vietnam and Philippine.
2. China is growing economically and with that trade and investment is also flourished. Economic capabilities are leading China towards the development of a strong military capability and significantly the navy, with a potential not only to compete but to overthrow in the worst cases. China's geography has strengthened the need for a robust navy and it is as natural as the conversion of soft power into hard power.
3. China's initiatives like B& RI, AIIB and many others have taken a rise, parallel to the already existing Western Institutions, which is also an effort to create an 'Asian order'. Meanwhile, Mega initiatives like 'Belt and Road' are proposed to change the existing world order by creating a 'Neo global Regime'.
4. The momentum of Chinese economic and military growth suggests that China would emerge as a great power in terms of military, in the coming 10 or 20 years which has also

been mentioned in Chinese white papers, CPC congress proceedings and in the target plan 'Made in China 2025'. As a result China can enhance and exert the influence in Indian and Pacific Ocean to mute the US influence, becoming a potential threat.

5. Currently, China is pushing its air and naval power away from its mainland, even from its coastline, through its war weaponry and missile power. As far as theories are concerned, theories always address to their own prevailing circumstances, are recycled to meet the needs of the upcoming time, the recycling of geopolitical theories continue accordingly. China is pursuing for maritime diplomacy however its approach is not solely based on Mahan's Sea Power Theory, rather is a composition of multiple scholars, with their revised versions, by making modifications to make them more accommodative.
6. There is no single paradigm applicable on China's rise, particularly its rise within South China Sea because Chinese approach towards sea is the synthesis of mentioned approaches. It can be taken as a synthesis of Mahan's theory of Sea Power with the theory of Active Defence given by Mao, by acknowledging the geostrategic environment which would create a phenomenon mentioned by Paul Kennedy, to shape the destiny of the state.
7. It has also been analysed that existing global system or the world system works as a dependent variable while the changes happening across the world, either in form of globalization, information technology or as a result of some happening at global level, can upset the existing system, which is independent variable and has the potential to change the world system, by enhancing the power of one or few countries or subsequently by declining the power of one or the few. Consequently, a condition of a 'security dilemma'

can emerge where security of one state is taken as insecurity of another state, at regional as well as at global level.

8. Besides that shift, balance of power is also taking place from West to East as the world order is changing, the US power is on a decline relatively and other powers are emerging like China and India while others are remerging like Russia and Japan. Indicators of soft power suggest that the World order is changing either with the emergence of China as a global power or with a multi polar system. South China Sea is considered as 'a simmering Pot' for future conflict'. According to Robert Kaplan 'China's' quest for hegemony is parallel to the US imperial adventure in the Caribbean more than a century ago'. So South China Sea is significant in determining the dynamics of changing power because of China's direct involvement and concerns of global powers and mainly the US, who has shifted its pivot to Asia Pacific from Middle East. So it is understood that why the US is concerned over the situation of the maritime claims along with the rise of China and its global diplomacy across the world.
9. Despite of growth at all fronts, there are chances that China can face and will face its effects in coming years till 2020 onwards and that is the aging society along with other social issues like pension health, care system. If the fluctuation continued, Chinese economy will face many other issues, political unrest, and increase in crime ratio, narcotic trafficking and illegal migration. However, despite of huge disturbances at home, China has done very well so far and gained a reputable position at economic front with prominent indicators of an unchallengeable economic power.

9.3 RECOMMENDATIONS

1. South China Sea is the only issue on which China is facing issues from its neighbours and, ASEAN region is the only region which has negative image of China although being a periphery of China's Mainland since centuries. Involvement of 6 out of 11 countries in conflict, making it more controversial so China must identify some mechanism to secure ASEAN states as well as its own interests.
2. Despite of the US pivot to 'Asia Pacific and Indo Pacific', it has been analysed throughout the past, that relations between the US and China are more cooperative in nature than competitive as there are many areas where cooperation is required as a mutual gain by the both states including the Pakistan, Central Asia, Afghanistan and against other universal crimes and threats mainly the terrorism. Mutual cooperation would be necessary because of the shared interests of both countries, concentrated within the above mentioned areas, although are different in nature, China is mainly concerned with the economic gains and the stable flow of its energy imports from the Middle East passing through various choke points. To avoid those choke points China has examined various alternative routes to supply the energy resources which pass through Myanmar, Pakistan and Central Asia and part of BRI Initiative. While for the US, the matter of concern is to maintain its influence, mainly the strategic interests currently against war on terror, while in future to support its allies like Japan and India and to counter the future potential threat.
3. At the same time, current administrations might have some divergence on interest as is termed 'free and open indo-pacific strategy' by Trump. Same position has been taken by John R. Bolton, one of the leading Trump's advisers on foreign policy issues condemned

the ‘earlier existing policies regarding the ‘Asia pacific region’ and urged to ‘play the Taiwan card’. Such comments suggest a tough rhetoric regarding China which can drag the regional powers.

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