

SINO-US STRATEGIC INTERESTS IN POST COLD WAR ERA: A CASE STUDY OF ASIA-PACIFIC



Researcher:

Hikmat Shah Afridi, TI (M)

Roll/Reg. No. 4FSS-PHDIR /S15

Supervisor:

Prof. Dr. Mansoor Akbar

Kundi, Professor Meritorious

Co-Supervisor

Dr. Manzoor Khan Afridi,

Assoc Prof/ Chairman

Department of Politics and International Relations

Faculty of Social Sciences

INTERNATIONAL ISLAMIC UNIVERSITY,

ISLAMABAD

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Hikmat Shah Afridi

Roll/Reg. No. 4FSS-PHDIR/S15

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Supervisor

Prof. Dr. Mansoor Akbar Kundi

Co-Supervisor

Assoc. Prof. Dr. Manzoor Khan Afridi

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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Hikmat Shah Afzidi, TI (M)

Roll/Reg. No. 4FSS-PHDIR /S15

Department of Politics and International Relations

INTERNATIONAL ISLAMIC UNIVERSITY, ISLAMABAD

DEDICATION

**I DEDICATE MY RESEARCH WORK TO MY PARENTS, TEACHERS,
COLLEAGUES AND TO THOSE WHO ARE SINCERELY WORKING FOR
THE ENTIRE HUMANITY**

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Hikmat Shah Afridi, TI (M)
International Islamic University,
Islamabad
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ABSTRACT

The Asia-Pacific region blusters over half of the globe's population and as residue of major powers centre including the main arteries of international economies like India, China and Australia etc. Due to its dynamism, there are plausible reasons that Asia-Pacific would emanate as the mother region in the coming days. Historically, with the concurrence of US, Japan and Australia, the concept of Asia-Pacific emerged which has legalized the US' involvement in the issues related to East Asia. In plain term, Asia-Pacific region invokes Asia, Australia and West Coast of North America for its potentials to crop up as a galvanic force. Strategically, covering 22 percent of world land, Asia-Pacific is one of the important and eloquent regions that comprises three well developed Economic Powers of the World i.e. China, Japan and US. In addition, the region encompasses world's six largest ports and six vital Sea Lanes of Communications i.e. straits of Makassar, South China Sea, Lombok, Malacca, Ombai - Wetar and Sunda.

Due to the US' involvement in Afghanistan and Iraq, Chinese managed to fill the vacuum and improve its economic ties with its Southeast Asian neighbours. China has the economic and technological influence all over the world with approximately 6 % average annual growth rate and an anticipation of taking over the economies of Japan and US by 2016 and 2039 respectively. However, rise of China coupled with its outreach to the global markets poses a consistent challenge to the US' dominance hence emerges as a key challenge of 21st century to US' interests at global and regional levels. As a result of which, US' policy has been re-patronized towards Asia-Pacific for maintaining and expanding security network, strengthening the economic relations with her new and old allies and concurrently focuses on containment of China. In addition, US' rebalancing has been claimed to strengthen bilateral security alliances with its allies, expanding trade and investment, promotion of democracy and human rights but China views the pivot as containment strategy and provocation act.

Asia-pivot, a major shift in American policy shows that America has already started to calculate its options for dominating the region, both politically and militarily. US has been increasing its military components to reach to 60 % of total force ratio in Asia-Pacific region by 2020. In addition, US has been giving military assistances to Japan, Vietnam, Philippines etc in support of their territorial disputes against China. Amidst these developments, US-China engagement in Asia-Pacific and subsequent power transition have surfaced complications for regional states relations. Keeping in view the likely power transition between China and US, the difference in the Sino-US power potentials shall persist for coming 30 years but it will be reduced to some extent however, conflict cannot be completely ruled out as and when China attains power parity with the US.

The rise of China was also examined in detail, providing an overview of how China's role evolved in this regard and how the international community responded to this phenomenon. The perceptions of Sino-US relations are grounded in the intent and subjective understandings of each other's interests and compulsions. These perceptions can easily determine how best the two states interpret each other's actions in the wake of China's rise and US Rebalancing of Asia-Pacific. In wholesome Sino-US cooperation in power transition and maintenance of friendly relations is the only option because why both the states should afford to engage themselves in conflict. In addition to adding new contribution to the existing body of literature, this research will help the readers to attain an understanding of the major issues of contention and convergence between China and US in the region. The contribution will be of significance nature in creating a framework within which Chinese and American regional policies can be understood and may serve as reference for policy makers and students of international politics.

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ACRONYMS / ABBREVIATIONS

ACFTA	-	ASEAN-China Free Trade Area
AD	-	Antidumping Duty
ADB	-	Asian Development Bank
AFTA	-	ASEAN Free Trade Agreement
AIA	-	ASEAN Investment Area
AIIB	-	Asian Infrastructure Investment Bank
AP	-	Approach Panel
APEC	-	Asia Pacific Economic Cooperation
ARF	-	ASEAN Regional Forum
ARIC	-	Asia Regional Integration Centre
ASB	-	Air Sea Battle
ASEAN	-	Association of Southeast Asian Nations
BBL	-	Billion Barrels
BC	-	Bulk Carrier
BCIM	-	Bangladesh China India Myanmar
BCM	-	Billion Cubic Meters
BIT	-	bilateral investment treaty
Bn	-	Billion
BOT	-	Build Operate & Transfer
bpd	-	Barrels per day

BTA	-	Bilateral Trade Agreement
BTM	-	Billion Tons Mile
CARs	-	Central Asian Republics
CAS	-	Central Asian States
CB	-	Container Berth
CENTCOM	-	Central Command
CER	-	Closer Economic Relations
CNS	-	Chief of Naval Staff
COO	-	Certificate of Origin
CPC	-	China Communist Party
CPTPP	-	Comprehensive and Progressive Trans-Pacific Partnership
CTH	-	change in tariff heading
CTSH	-	Change in Tariff Subheading
DoD	-	Department of Defence
DPP	-	Democratic Political Party
DSU	-	Dispute Settlement Understanding
DWT	-	Dead Weight Tonnage
EC	-	European Community
ECO	-	Economic Cooperation Organization
EEZ	-	Exclusive Economic Zone
EFTA	-	European Free Trade Agreement
EPZ	-	Export Processing Zone

ERF	-	Extra Regional Force
EU	-	European Union
FDI	-	foreign direct investment
FEZ	-	Free Economic Zone
FOB	-	Free On Board
FTA	-	Free Trade Agreement
FTAAP	-	Free Trade Area of the Asia Pacific
FTZ	-	Free Trade Zone
GATS	-	General Agreement on Trade in Services
GATT	-	General Agreement on Tariffs and Trade
GDP	-	Gross Domestic Product
GFP	-	Global Facilitation Partnership
GoP	-	Govt of Pakistan
GPA	-	Government Procurement Agreement
GSP	-	Generalized System of Preferences
GT	-	Grain Terminal
IBRD	-	International Bank for Reconstruction and Development
IMF	-	International Monetary Fund
IPI	-	Iran Pakistan and India Pipe Line
IPP	-	Independent Power Producer
IPR	-	Intellectual Property Rights
IT	-	Information Technology

JCT	-	Joint Coordinating Team
JMEPA	-	Japan-Malaysia Economic Partnership Agreement
JPEPA	-	Japan-Philippines Economic Partnership Agreement
JSEPA	-	Japan-Singapore Economic Partnership Agreement
JSG	-	Joint Study Group
KM	-	Kilometre
KMT	-	Kuomintang
M Tonnes	-	Metric Tonnes
M/s	-	Messrs (Plural of Mister)
MAI	-	Multilateral Agreement on Investment
Mb/d	-	Million Barrel Per Day
MEA	-	Multilateral Environmental Agreement
MFN	-	Most-Favoured Nation
MNC	-	Multinational Corporation
MRA	-	Mutual Recognition Agreement
MSY	-	Maximum Sustainable Yield
NAFTA	-	North American Free Trade Agreement
NGO	-	Non Governmental Organization
NTB	-	Nontariff Barrier
OBOR	-	One Belt and One Road
OCV	-	Oil Container Vessel
OECD	-	Organization for Economic Cooperation and Development

PLAN	-	People's Liberation Army Navy
POL	-	Petroleum, Oils, Lubricants
POP	-	Pacific Ocean Pact
PPP	-	Purchasing Power Parity
PRC	-	People's Republic of China
RDJTF	-	Rapid Deployment Joint Task Force
ROOs	-	Rules of Origin
RO-RO	-	Roll On - Roll Off
RTA	-	Regional Trade Agreement
SAFTA	-	Singapore-Australia Free Trade Agreement
SEALs	-	Sea Lions (United States Navy)
SEATO	-	Southeast Asian Treaty Organization
SEOM	-	Senior Economic Officials Meeting
SEZ	-	Special Economic Zone
SIPRI	-	Stockholm International Peace Research Institute
SLOCs	-	Sea Lanes of Communications
SOE	-	State-Owned Enterprise
Sq km	-	Square Kilometre
TAC	-	Treaty of Amity and Cooperation
TBT	-	Technical Barriers to Trade
Tcf	-	Trillion Cubic Feet
TCG	-	Tsunami Core Group

TFZ	-	Tax Free Zone
TPP	-	Trans Pacific Partnership
TPRG	-	Trade Policy Review Group
TRA	-	Taiwan Relations Act
UAE	-	United Arab Emirates
UN	-	United Nations
UNCLOS	-	The United Nations Convention on the Law of the Sea
UNSC	-	United Nations Security Council
USA	-	United States of America
WB	-	World Bank
WTO	-	World Trade Organisation

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

لِلَّهِ مَا فِي السَّمَاوَاتِ وَمَا فِي الْأَرْضِ وَإِنْ تَبْدُوا مَا فِي أَنفُسِكُمْ أَوْ
تُخْفُوهُ يَعْلَمُ بِهِ اللَّهُ فَيَعْلَمُ لِمَن يَشَاءُ وَيَعْذِبُ مَن يَشَاءُ
وَاللَّهُ عَلَى كُلِّ شَيْءٍ قَدِيرٌ

To Allah belongs whatever is in the heavens and whatever is in the earth. Whether you show what is within yourselves or conceal it, Allah will bring you to account for it. Then He will forgive whom He wills and punish whom He wills, and Allah is over all things competent.

CHAPTER - 1

INTRODUCTION

1.1 Rationale of the Study:

Asia-Pacific, being a driver of geo-politics is an important region which is encompassing the Indian and Pacific oceans. The region blusters over half of the globe's population, including the main arteries of international economies and as residue of major power centres like India, China and Australia etc. Due to its dynamism, there are plausible reasons that Asia-Pacific would emanate as the mother region in the coming days. Historically, with the concurrence of US, Japan and Australia, the concept of Asia-Pacific emerged. This Asia-Pacific concept legalizes the American's involvement in the issues related to East Asia. In plain term, Asia-Pacific region invokes Asia, Australia and West Coast of North America for its potentials to crop up as a galvanic force of the Geo-politics. Strategically, covering 22 percent of world land, Asia-Pacific is one of the important and eloquent regions that comprises three well developed Economic Powers of the World i.e. China, Japan and US.

John Hay (1898-1905), ex US Secretary of State writes a century ago, "The Mediterranean is the ocean of the past, the Atlantic is the ocean of the present, and the

Pacific is the ocean of the future.” Asia-Pacific is located strategically at a junction of Europe, East Asia, North America, and Middle East with perfect Sea Lanes of Communication for global trade. Moreover, the region encompasses world's six largest ports and six vital Sea Lanes of Communications i.e. straits of Makassar, South China Sea, Lombok, Malacca, Ombai-Wetar and Sunda. US Energy Information Administration (EIA) holds Strait of Malacca as an important maritime chokepoint in the region. Goldman Sachs (2007) confirms that hub of global economic activities would be transferred to Asia-Pacific decisively by 2050. (EIA, 2014, pp. 6-10)

Politically, Asia-Pacific being a unified region has been accomplishing US' future role with a podium to play. In this context, US has conceived most of the its economic activities to be shifted to East Asia, therefore, they have already reshuffled their priorities such as promotion of free trade, prevention of nuclear proliferation, capitalizing on open markets and maintaining of safe and secure sea lanes of communications. (Kurecic, 2010, pp. 21-48) In addition, US' policy has been re-patronized for maintaining and expanding security network, strengthening the economic ties with her new and old allies and concurrently focuses to contain China in Asia-Pacific. The US' proactive role to contain China through involving India, Japan, and Australia in Persian Gulf, Indian Ocean and South China Sea is worrisome for China. Opposing to this strategy, China has the economic and technological influence all over the world. In addition, with approximately 6 % average annual growth rate, China has already taken over the economy of Japan in 2016 and anticipated to take over the US' economy by 2039. (Sachs, 2013, pp. 20-24)

China and US have been playing a geo-political chess game with a US' edge over China in the region. While having a suitable environment in favour due economic progression, Chinese ties in Southeast Asia have been undermined due to the US' politico-military and economic ingress in ASEAN states. Asia-Pacific region has taken an adorable position due to the states momentous functions, the exceptional allurement of demography and the neoteric mercantile progression. With the potentiality to be a next theatre, major powers especially US and China will remain involve in a state of competition for their national interests in Asia-Pacific. (Glaser, 2012, p. 11) In this context, the study has explored Sino-US Strategic Interests in Asia-Pacific by analysing rising China, US rebalancing of Asia-Pacific, the containment of China to deduce a peaceful environment for power shift in the region.

The study has effectively addressed the basic question as to how the equation of balance of power will be decided resulting into power transition in Asia-Pacific. The strategy of containment and other act of provocation will definitely challenge peace, security and regional order in the region. In addition, the study unfolded few important areas of interest like Rising of China, Chinese policies towards Asia-pacific and US' Rebalancing of Asia-Pacific. Nevertheless, the scenario will remain obscure if relevant issues are generalized like, US' buttressing up its allies as potential "counter-balance" to China or US' re-commitment to Asia-Pacific for containment purposes. The study analysed the effects of Rising China in the wake of Chinese pursuit to develop its country in general and its economy in particular hence will be a compelling gadget in contributing

towards other regions for the unequivocal tenacities of the Chinese criterion in its pursuance of economic pre-eminence.

1.2 Statement of the Problem:

Rise of China coupled with its outreach to the global markets poses a consistent challenge to the US' dominance at global and regional levels. Therefore rise of China is established as a key challenge of 21st century to US' interests. Asia-pivot, a major shift in American policy shows that America has already started to calculate its options for dominating the region, both politically and militarily with and without its allies. US has been augmenting the existing military components to reach to 60 % of total force ratio in Asia-Pacific by 2020. In addition, US has been providing military assistances to Japan, Vietnam, Philippines etc to help them in their territorial disputes against China. On the other hand, China has been claiming South China Sea as a part of her Exclusive Economic Zone, therefore the disputants have been welcoming the American re-entry in the region to strengthen their claims in South China Sea.

Similarly, US has been reorienting its focus on Asia-Pacific under the garb of expanding trade and investment while strengthening mutual security alliances with Southeast Asian States but China views the pivot of Asia-Pacific as containment strategy and act of provocation. To adopt a balanced strategy, the regional countries will have to identify the future trends towards the evolution of relations. It is clearly deduced that the implications of rise of China and US response strategy are the major defining events of

this era. To follow the unfolding of major events, an understanding will have to be developed to track down the complexities of the events. In addition, the criticality of cognizing the facts will be important to know whether such defining moments will have stabilizing or conflicting ends in bilateral ties. An understanding necessitates defining the core interests of both China and US and pinpoints constraints for shaping the policy orientations.

1.3 Objectives of the Study:

Being a long-term stakeholder, US will try to maintain its irreplaceable status in Asia-pacific but China's economic growth in recent years is also a factor in redefining the actual status. However, in the global context, opposing strategies are negatively perceived by both US and China. The study focused to stimulate interest among academicians, scholars and govt functionaries for their consumptions in expanding the scope of study in future. The primary objectives of the study are as under:-

- a. To analyze the Sino and US' interdependence and its impact on decision making policies for reshaping their overall strategies.
- b. To explore the essential perceptions of China and US about each other and what role these perceptions play in the future course of actions.
- c. To evaluate the Power Transition Theory for distribution of power evenly among the major powers for maintaining a peaceful environment in Asia-Pacific.

- d. To identify key issues of conflict of China and US and the areas where their interests converge in the region.
- e. To methodize the core Chinese and US interests in the region.
- f. To assess the potentials of the region those are shaping the world economy.
- g. To lay out the unfolding of most likely scenario at power transition in the region.

1.4 Research Questions:

The research questions are:-

- a. Why China being an emerging power challenge US' hegemony in Asia-Pacific and what are the implications of this development for Sino-US relations and regional stability?
- b. What are Chinese Policies to be an emerging power in Asia-Pacific?
- c. How the US' strategy of rebalancing of Asia threaten the strategic interests of China in Asia-Pacific?
- d. What are main interests of US and China in Asia-Pacific and its implications for the region?
- e. What are the main reasons for US' Rebalancing of Asia-Pacific?
- f. How Sino-US' rivalry will be explained in the context of Asia-Pacific economic regionalism?

1.5 Significance of the Study:

Asia-Pacific region is located at the junction of two important Sea Lanes which are massively travelled; East-West route bridges Pacific and Indian Oceans whereas North-South route intersects New Zealand and Australia to Northeast Asia. Export finished goods and all critical supplies like, natural resources including gas and oil are transported to Korea, Japan, China and other parts of the world and vice versa through these routes. (Solkosky et. al., 2000, p. 59) The chokepoints in shape of Sea Lanes of Communication (SLOC) immensely influence the effluvium of oil and other natural resources that provokes competitions among great powers to rule over the important oceangoing lifelines. (Rahman & Tsamenyi, 2010, p. 34)

On the other hand, the Chinese influence towards Southeast Asia is a harbinger to a major contemplative confrontation against US interests. Resultantly, the relations between China and US will be seen through two conflicting arguments in Asia-Pacific; one that China and US would find themselves engaged in armed conflict and the other that Chinese and US interdependence precluded such an outcome altogether. Contending US for limiting its activities in South China Sea, China contemplates to solidify its position in the region. If China shows its cards successfully through pushing away US from influencing in Asia-Pacific, then the strategy of ASEAN's balancing may be easily muddled thereby leading it to Chinese hegemon.

From the Geopolitical prospects of Asia-Pacific, it is deduced that China will continue to expand her power and US will respond to invest its efforts for regaining any losing to China. Due to this manifestation, Asia-Pacific will be a belittling region where Sino-US matchup will be unravelled, therefore such an event make the study signify for its exuberance. In addition to adding new contribution to the existing body of literature, this research is helping the readers to attain an understanding of the major issues of contention as well as convergence between China and US in the region. Additionally, the study assists in developing cognizance with both countries' core interests. This is also helping in creating a framework within which Chinese and American regional policy can be understood hence will serve as reference for policy makers and students of international politics.

1.6 Scope of the Study:

Research is a mean to inquest and probe in all available sources of information including confidential matters of govts. To be able to fulfil the requisites of the study, efforts were made to get the required materials available in libraries including e-libraries whereas extensive use of search engines was also made. In simple words, the scope of the study is; the strategic interests of China and US in the post cold war period at Asia-Pacific region. There is a great deal of denying the facts in many ways if not disclosing the hardships in making the accessibility possible to materials. The geographical and analytical compulsions involved in the research, were carefully catered. Hence the

period of post cold war era was taken care of to mainly focus on Rising China and Rebalancing of US to Asia-Pacific, therefore the scholar limited the discussions to cover the period from 1992 to 2017.

At the most, the study is encompassing the interactions, diversions and interests of two major powers i.e. US and China and that too in Asia-Pacific region and definitely, not beyond the time frame and geographical boundaries. Notwithstanding, giving coverage to “Asia-Pacific” region was also complicated job as the region comprises South Asia, Central Asia, Middle East and East Asia and the countries of these specific regions are highly important for both Rise of China and US’ Rebalancing. On the other hand, to investigate the research problem in a limited time was incarcerated by date of completion. Visits to the areas would have enabled the scholar to analyze the significant relationship among various variables and the data. For analytical purposes, other parts of the world where US and China actively involved avoided and research and its findings were made restricted to fulfil the prerequisites of scope of the study.

However, the study predominantly revolved around the era after cold war; therefore investigations and reasoning have been based on leading international relations theories related to power transition in Asia-Pacific region. All out efforts have been made to fulfil the requisites of the study but at the same time, scholar was aware of personal and allied limitations to explore and probe into the time, financial and geographical constraints. Due to these reasons, the scholar was of the view that it might not be possible to cover the length and breadth of the regional limits. However,

requisites of the region have been explored through search engines and other secondary sources. During the research process primary sources of information were also utilized while engaging in intense discussions and views of experts and intellectuals. In addition, the appraisal of the post and pre-tests were carried out; it was inevitable in the study in way of scaling of perspicacity to be established.

1.7 Operational Definitions of Major Terms:

- a. **Asia-Pacific.** The region abbreviated as APAC/AsPac etc, is an area of Pacific Ocean that ascribes to Asia spreading to Australia and West Coast of North America covering approx twenty two percent of the global land area. The region divaricates volumetrically, depending on the context of reference, but it includes parts of Oceania, Southeast Asia and South Asia.
- b. **Rebalancing.** It is a process of reshuffling the values of belongings and implicates regularly the selling or buying of belongings to preserve the factual level of asset appropriation. The rebalancing of investments is the action / trading strategy of bringing a portfolio that has deviated away from one's target asset allocation back into line.
- c. **Rebalancing/Asian Pivot/Back to Asia Strategy.** The terms “Asian Pivot”, “back to Asia” and “Rebalancing” were no longer in fashion, with the speakers emphasizing that the US had never left Asia. Instead, they stressed the elements of continuity in the current

administration's strategy with those of its predecessor. The fact is that even before the announcement of the Pentagon's new Asian orientation, the US was quietly strengthening its forces in the region. For example, despite the ongoing commitments in the Middle East and Afghanistan, half of the US Air Force's top-of-the-line F-22 fighters have been deployed in the Asia-Pacific region. The preferred description of the term now being used is "re-balancing," which encompasses two separate processes - the US military is rebalancing its global assets from other regions to Asia, as well as rebalancing within the Asia-Pacific region, reducing the concentration of forces from northeast Asia to a more widely distributed focus throughout the entire region.

- d. Rebalancing means a combination of strategies including domination (Classical School) and balance of power based on theory of alliances and threat. It means to have sufficient forces in Asia-Pacific in combination of alliances with regional countries to contain China.
- e. **Containment.** Containment is a continued process of encirclement of an enemy through actual deployment of forces or dealing enemies through regional alliances. This was an American cold war strategy to control the expansion of communism. It was adopted against the USSR's initiatives to expand its influence in Vietnam, Africa, Korea, China and Eastern Europe.

- f. **Power Transition.** An equal dispensation of military, economic and political wherewithal between competing groups or states hence increasing the prospects of war.
- g. **Paradigm.** A paradigm is a science or a philosophy of noticeable obstinate of thought templates including standards, postulates, research methods and theories for statuary benefactions to a sphere or field.
- h. **Geo-Politics.** Geopolitics is defined as the study of geographical effects on world politics and global relations. It is primarily the study of foreign policy for purpose of explaining, understanding and predicting global or a combination of geographical and political behaviour. These may include climate, applied science, demography, natural resource, area studies and topography being assessed.
- i. **Sea Lanes of Communication.** Sea Lanes of Communication (SLOC) are described as the sea routes being used for trade, supplies and movements for all purposes among ports. These are referred to Naval Operations for ensuring to remain open during peace times and to close during war times.
- j. **Strait.** It is a narrow but easily navigable and naturally made passage of water which links major bodies of water. Mostly it is a waterway that connects the other land masses. A few straits cannot be navigated because

of the shallowness of water or too steep gradient of reef and other large masses of Iceland.

- k. **Nuclear Proliferation.** It is the expansion of nuclear technology including information about nuclear technology, nuclear weapons and fissionable material to those states that are not accepted as Nuclear Weapon States.
- l. **Provocation.** Any move to induce bitterness, resentment or animosity in individual that may instigate to react unlawfully. It may be purported as a protective act to lawlessness so that grimness of penalty could be lessened.
- m. **ASEAN States.** ASEAN is an organization of regional states that constitutes ten states from Southeast Asia with aim to expedite economic integration and to encourage intergovernmental cooperation amongst the member states. ASEAN was instituted by Malaysia, Singapore, Thailand, Indonesia and Philippines but then expanded to include Myanmar, Brunei, Laos, Vietnam and Cambodia. The purpose of the association is to accelerate social development, economic growth and socio-cultural transformation among the states along with the preservation of regional stability and the accoutrement of a mechanism to settle the differences among the member states tranquilly.

n. **Exclusive Economic Zone (EEZ).** It is a maritime belt authorized by UN Convention that each State has exclusive rights over the expedition of Sea resources including production of energy from wind and water. It spreads over to 200 nmi from coastline of a country. In the study of marine related terms, one may find differences between territorial sea and EEZ; territorial sea acknowledges sovereign rights over waters but in case of EEZ, a state has only sovereign rights referring to coastal rights on waters below the surfaces, whereas surface waters are used for all purposes as international waters.

1.8 Research Methodology:

The scholar has explored all possible documentary sources required during the process of research. The data banks of such sources were including Books, Newspapers, Journals and Internet etc. The most inspiring sources were; *China, the US and Power Transition Theory by Steve Chan*, *China as a Great Power by Gary Klintworth*, *World Politics by AFK Organski and The New Global Politics of the Asia-Pacific by Connors et al.* The existing sources have been scrutinized to extract valuable information. Primary and secondary data were the essential sources for building the thesis. Interviews, diaries, correspondence, artefacts, treaties, surveys, opinions and original work of literatures are the sources of primary data whereas journals, books, articles and dissertations act as sources of secondary data. (Schilling, 2006, pp. 67-70) The research has been directed by

the research questions as identified therefore, relevant material were reviewed in the form of existing literature as well as information extracted from interviews with academicians and policy makers cognizant with the subject matters. The strategy used for the case studies was to extract appropriate responses for the questions preceded with why, what and how and the same have been incorporated in the study.

Theoretical framework has explained the current state of bilateral relations, including the role being played by Chinese and American perceptions. In light of the theoretical framework as identified, the collected materials were analyzed to explain how China and US perceive each other and how they will establish directions for guiding their relations in the future. The scholar applied qualitative method for the research work, however specifically; the descriptive analysis was the most pre-eminence. Keeping in view the importance of explaining and exploring, qualitative method acted as hub of the research. (Allen & Reser, 1999, p. 54) Efforts were put in to underscore the unexplored areas in way through which the development of Asia-Pacific would be a source of inspiration for the rest of the regions.

On the other hand, the research designs were not only considered as work plans that accredited to accomplish the project but these helped to complete the entire process to connect details of the venture. The functions related to a research design were to assure that the testimony gained was empowered to respond precisely the preliminary query. Gaining relevant confirmation necessitated the kinds of confirmation required; to test a theory; to properly explain a phenomenon; to appraise a programme and to respond

the research questions. Furthermore, in research, the approach towards data collection, design of questions and problems of sampling were all subordinate to the entity of evidence required by scholar to compile. The conclusions drawn at the start without settling the matters of research design would ordinarily be unsteady and fizzle to settle the research questions. (Yin, 1989, p. 32)

As a matter of fact, a research design could use data collection method of all kinds and could use either qualitative data or quantitative data. Research design attributed to the format of the investigation because it was in no way a logistical but a logical matter. It has been argued that the main role of the research design is to downplay the opportunity of depicting incorrect causal deductions from any data. At the time of designing research, it is a must to establish the kind of evidence needed to respond convincingly to the research questions. Research requires to be formatted so that the information carries on different explanations for enabling scholar to verify empirically. The statement further validated that scholar wouldn't just go for the evidences which were supporting the theory intended rather the scholar would be in search of those evidences to discredit the approved justifications.

1.9 Literature Review:

Different studies on the subject have a variety of opinions about Sino-US matchup in Asia-Pacific region. Realists argue of inescapable laws of nature fascinating intermittent do and die for survival and power politics. In contrast, liberals stress in

ameliorating and mitigating power of three mutually and reciprocal buttressing causal gimmicks; democratization, international institutions and economic interdependence. (Friedberg, 2005, p. 48) John J. Mearsheimer (2001) argues that great powers, with hegemonic designs as end objectives, are always in search of opportunities for gaining power. However, both realists and liberals have accepted the factual position of rising China, with little difference of opinions on the status of China with regard to Sino-US relations as to whether China will be able to replace US in international politics or not.

David Michel and Ricky Passarelli (2014) analyse that the maritime policy challenges and opportunities arise across Asia and Western Pacific region. The shift in the economic activities from west to east and the growing geostrategic importance of the Asia-Pacific have eventuated in competition and cooperation between the dominant and emerging powers. On one hand, the economic cooperation between China and US has been considerably increased and on the other hand, the anatomy of geopolitical and geostrategic situations is lingering on very ambiguously. In reality, the cropping up swings and contentious issues in the region allow unique hopes with concurrence of horrifying ultimatums to states. Such progressions have created great preoccupation and controversy among the academicians, policymakers and researchers throughout the globe.

In article, US Defence and Strategic Relationships in Asia-Pacific, Bruce Vaughn (2007) shares his views that leadership in China is expecting to install the country as the dominant power in the region. However, it doesn't have much of the value because US' goal is to prevent China from controlling the region through coalition of states etc. In

article, *Taming American Power - Global Response to US Primacy*, a structural realist, Stephen Walt (2005) considers that US' strategy in East Asia would be challenged by regional strategy of China therefore these will be zero sum game between US and China. David Shambaugh (2013) argues in, "China Goes Global - the Partial Power", that China will have to pass through a protracted passage to become super power.

While assessing the future prospects of super power, he concludes that China will not make as a sole super power to rule the world. He reasons out that China is lacking the basic instincts of making allies and close friends; he supplements his arguments by pointing out of mistrust and deficit in friendship with its allies like, North Korea, Pakistan and Russia etc. He further explains that China possesses many attributes as of super power like a large continental land mass, largest population, second large economy, second large military, second large budget, more foreign reserves, highest growth rate for three decades, largest exporters, world second recipient of FDI, largest hydroelectric dam, more millionaires and billionaires, largest producer, a manned space programme and an aircraft carrier and largest museum. Despite these attributes, he does not recognise prospects of China to become a super power.

Shambaugh pinpoints that China instead to be a superpower; it is a global actor because it has to establish its vitality of becoming a true Global Power. Superpower means to be controlling much of states but China is far away from controlling World's Nations and World's events effectively. Joseph Nye (2011) in his book, "the Future of Power", explains that the essence of power is basically the

transformation of resources into influence. Though China enjoys to exercise power in most of the fields; controlling commodity and energy markets, real estate purchases, sales of luxury goods, manipulating trade patterns, the global tourism industry and cyber hacking etc but these are not enough to be a super power.

In article, Contest for Supremacy, US and China Struggle in Asia, Aaron Friedberg (2011) argues that US and China are struggling with fast pace for geopolitical pre-eminence. He highlights the importance of understanding the dynamism of the Sino-US relations and their response strategies. David C. Kang (2007), in his book titled, Rise of China - Peace, Power and Order in East Asia, challenges the existing frameworks of realism, liberalism and constructivism for previous and current assessment of rise of China. He argues that realists see Beijing as a revolutionary power in existing international system and liberalists foresee her merger into the world of globalization but constructivists don't accept its status because states interests are constantly made and remade. He sees positivity in East Asian's politics yet without any expansionist thinking where China gives sufficient assurance to the regional states about regional peace and stability.

Thomas Lum (2010) writes in the book, "China and the US - Comparing Global Influences" that in the past decade, China has achieved requisite influence in international standing through promotion of soft power diplomacy, economic reforms, cultural drives and other non-coercive measures. However, he reiterates that US still retains the status of pre-eminent force globally in many fields including soft power. At

the moment, US is much ahead of China in GDP, trade and FDIs. Furthermore, US demonstrates successfully its dominance in global politics and remains as a key player worldwide especially in the Middle East that retains its influence over the politics and economy of Latin America. David Lai (2013) asserts in, “Asia pacific - A Strategic Assessment” that Asia-Pacific region is an unabated region for economic development and in a world of independent sovereign nations, distribution of power is always uneven.

In article, the World Rebalances in Asia-Pacific, Patrick Cronin (2012) indentifies that US is talking gently on one hand, but concurrently, it is hoisting a rebalancing strategy counted towards enormous stick policy. US is upholding enough air power and naval tentacles in the region and simultaneously carrying out excessive diplomatic and trading moves. However, in no case whether a friend or an ally or rival, an alteration in political viewpoint, will surely undermine the existing international system as amply explained in the Rise of China and its Power Status, by Yan Xuetong (2006). Kevin and Yoichiro (2008) state in the book titled, the Rise of China and International Security - America and Asia's Respond, that there are security related issues in Chinese internal and external politics.

Nirva Patel (2006) in her book, “China’s Arrival - A Strategic Framework of Analysis” comments that Rise of China is an important geo-political event in modern history, that is competing America’s supremacy for more than a century. Robert Gilpin (1981) argues in his classical work, “War and Change in World Politics”, that the efforts of rising powers enable them for challenging the dominant power. He highlights about

the prevailing global order, the distribution of area of influence and even territorial limits.

It is the employment of primary means by great powers to settle the divergence in relations to formulate a new global order. Unfortunately, every global system developed in the world, has been an outcome of the territorial, economic and diplomatic realignments that have followed such hegemonic efforts. US efforts for setting up a coalition abroad have been demonstrated by variety of security and domestic interests.

AFK Organski (1969) argues in his work, “World Politics” that Power transition is a hegemonic theory and it is a structural and vibrant approach to international affairs. It focuses on power relationships and rightly lined with realist’s school of thoughts but unlike realist theories, it focuses on the role of dominant state in managing the status quo and de-emphasizes the role of anarchy. Power Transition Theory sees global politics as a hierarchy of nations with altering levels of cooperation and competition. There is always uneven distribution of power among independent sovereign nations. Xiaosong Tang (2012) says that Asia-Pacific is an important facet of US’ foreign policy. He argues that geopolitically, US’ core interests including security and economic coincide with China, whereas US directs its strategy in Asia-Pacific to seek its security and economic relations with associates and partners and to confront China.

Power Transition Theory has three components; structure, dynamics and policy. In addition, power transition theory explains that international system is hierarchical in which dominant state sits at the top. Organski confirms that the most powerful state dominates the world to spell out the international order. David Lai (2011) explains the

liberals' arguments that war could be prevented when states shared common economic interests; uphold international law and institutional norms. Though liberal theories elucidate the circumstances leading to war, i.e. lack of connectivity but failed to highlight why wars occur. Nonetheless, both theories (realism and liberalism) are comparatively fixated to the clarification to offer comments on principle components of war instead of its unusual facets. Social constructivists view ideas and insights, as significant aspects being undermined by realism and liberalism but failed to give the root causes of war.

Balance of power envisions that changes in status and power when one state occupies the territory of other, is provoking counterbalance. This way balance of power process assists to cultivate stability between states. States are inherently competing and interstate competition is heightened in an anarchical international system therefore balance of power is a difficult job for nation states to maintain. It is unlikely that dominant power and a satisfied great power will go to war if they enjoy parity. Yesilada et al. (2017) argues that a satisfied challenger outweighs and supersedes dominant power, will uphold status quo with little modifications here and there during the transition of power. In this case the departed dominant power will have nothing to confront a new leader that has patronized a status quo to its velleity. In the existing international system, US' Western and Asia-Pacific allies with similar institutions and views are satisfied with the status quo power.

Taeyoung Yoon (2003) thinks that US' engagement in Asia-Pacific has two parameters; the Cold War's commitment to Asia security and to safeguard the US its vital

interests through its Navy. US accentuates to continue its forward deployment and strong military alliances in the region. Robert Ayson (2005) highlights five aspects on regional stability in relation to Asia-Pacific; averting a great war, stability of power distribution, stability of institutions and norms, stability of political and economic order within the regional states. Aaron L Friedberg (2005) explains that ultimate aim of Chinese policy makers is to “Win without Fighting” by displacing US as the leading power in Asia but will avoid direct confrontation. He says that China has turned out as an overwhelming global economic power peacefully and now all set to do away gradually with the influence of US in East Asia and Western Pacific region. However, the fact is that US is a liberal democracy and China is under authoritarian rule.

Henry Kissinger (2011) in his book, “On China” narrates about China to be known to him intimately for decades and whose modern relations were helped and shaped. He made an attempt to explain the Chinese history, culture and to put forward his views on nature of Sino-US relations after the inception of Communist China. He glances over the thinking template of China by reckoning “wei-qi”; this way Chinese will be squeezed for a protracted containment rather to destroy it for limited period. He reiterates that being so big, ignoring China is not a viable option whereas it is too difficult to either imprint or too coercive to entwine. He dilates upon the concept of “shi” that facilitates to be victorious with resorting to the tools of fighting wars. He stresses the US leadership to prevail a major player in the region. Two glaring gaps stand out in his volume; while Kissinger describes the potential difficulties and obstacles, he does not

really discuss their convergences on a number of issues; the author does not elucidate on the fact of the interdependent relations between the two states as a bulwark against confrontation and an incentive for cooperative engagement.

Yu fan Hao (2012), in the book, Sino - American Relations - Challenges Ahead, explains the convoluted relations between China and US. The writer explains that the relations between China and US have constantly been in a state of transformation; the degree of mutual dependence is increasing but side by side the rivalries are intensified. Chin Kin Wah (2003) accentuates that relations of major power needs to be analyzed and appreciated in view of the regional diversification. It is difficult for ASEAN to get an effective role specified for a balancer and then play its role among regional powers, however, it pursues to assist in balancing external influences. Ralph A. Cossa (2009) believes that due to the ongoing geopolitical power shift and emerging progressive growth engine for international economy, Asia-Pacific region has become more significant to US.

Sheldon W. Simon and Evelyn Goh (2008) argue in their book, China, US and Southeast Asia - Contending Perspectives on Politics, Security and Economics, that the rise of China cannot be seen as an occurrence alone because in diversifying environment, Beijing has been managing itself as a dominant regional player in the Southeast Asia. Why should China be taking much of the interests in Southeast Asia, is basically guided through the lens of other major powers interests including Japan and India. For being an emerging major regional player, China perceives that Southeast Asia is very much suiting

for revolutionizing the security, political and economic environment. The cordiality in relations between China and ASEAN states has never been the consequence of historical leaning or geographical contiguity but it is because of perspicacity of common goals. There is an unambiguous acknowledgement on the rising status of China, however the intensity to which each state to react, would fluctuate keeping in view their political, economic and security composites.

In article, the Role of American Navy in Asia-Pacific as a Protector, Yoon (2003) highlights that US forces disposition and other alliances would avert the rise of emerging power and such aspects would confer peace and regional stability. So, the strategy of re-adjustment as thought out for sticking to go tough with China in Asia-Pacific is reinvigorating Cold War alliances in East Asia for a unified front against China. In article, World War in Asia, Dinh (2003) hauls that US is trying to contain Beijing duly supplementing with its supplies of armaments to its allies through the strategy of rebalancing of Asia-Pacific. In article, US Strategic Interests and Roles in Asia, Hideki Asari (2012) ascertains that the aim of US re-balancing is to contain China but now the world is more integrated and globalized, therefore such policy may not carry any sense.

In article, China and the Pivot, Lanxin Xiang (2013) writes that in Asia-Pacific, a competitive arms race has already been commenced. However, with all the efforts putting in by US, China cannot be isolated diplomatically so such efforts will be counterproductive. In the article, How We Would Fight China, Robert Kaplan (2003) communicates that US interests will be compromised if China is raised to status of

superpower, therefore such defining event will create standoff between China and US in the region. In the article, *Developments and Obstacles - American Pivot*, Riccardo (2012) says that historically, balance of power has been recycled for explaining how states react in an environment where security is lacking. Evan S. Medeiros (2006) comments that China and US side-steps approaches could be distracted with difficulties as accentuated in his article.

Samantha Blum (2003) confirms in article, *Chinese View of US Hegemony* that US has superiority due to technological advancement, force structure and economic affairs in Asia-Pacific which have been fuelling the hegemonic ambitions between both the states. In article, *Sizing the Chinese Military*, Andrew Scobell and Roy Kamphausen (2007) argue that military build up of China is watched mammoth for US' regional involvement. In this way, China already launched military modernism to achieve its objectives will become a dominant power to relieve US in Asia-Pacific. Conversely, in article, *China's Rise - Identity, Interdependence and Power*, Qianqian Liu (2010) explains that China spends relatively less on military as compared with US. Jia Q (2005) explains in her article that basing on the factual position of US as dominant power in the system, China is adapting to live with the US' hegemon.

In the book, "How China's Soft Power is Transforming the World", Joshua K (2005) explains that US will be routed out in face of China. Justyna Szczudlik Tatar (2012) argues in *Chinese Response to US Strategy of Asia-Pacific*, that there are two major aims of America; one, to get advantageous in the wake of the international

economic crisis in Asia and two, to improve its status with China, poses threat like situation to US. John F. Bradford (2011) in his article pinpoints the interests of US in Asia-Pacific. He highlights that US desires to ensure maintenance of safety and security of sea lanes of communication, particularly those that connects US with its allies. US' maritime strategy seeks sustenance of reliable combat power so as to foil all attempts at disruption of supply in key Sea Lanes of Communication (SLOCs).

Francisco Wong (2013) emphasizes in his inspiring discourse, Retooling for the Future, that China will challenge unrestricted warfare (URW) of US through asymmetrical method of warfare to win without fighting thereby reorienting the international security situation in their favour. This was clarified through Sun Tzu's dictum much earlier that the culmination of an event bases on to win a battle without fighting; it means to win one time without fighting is better than to win hundred times with fighting. Michael Chase (2011) holds on to the views in, Chinese Suspicion and US Intentions that the significance of relations between China and US lies predominantly in their competitive interests instead of having common ones and competition always spells out how relativity is important. Larry Wortzel and Andrew Scobell (2000) try to justify that the US' interests are always looked after in regions without any conflict.

Michael Beckley (2012) argues, Why US' Edge will Endure in Chinese Century, as to how best America will be advantageous from its preponderant position? It is possible if US contains Chinese growth through continuing its liberal economic policy and subdues her ambitions through maintaining its vigorous presence both politically and

militarily in Asia. “America’s Challenge - Engaging a Rise of China in the 21st Century” has been authored by Michael D. Swaine, a renowned analyst of Chinese security studies and Sino-US relations; it is a work on American strategy and policies towards China, the trends defining and shaping future policy and the challenges posed by China’s rise. Swaine identifies three key reasons why Chinese features as a significant foreign policy issue for the US, particularly from the 1980s onwards; China’s geostrategic interests in a region are crucial to US security interests; China’s growing economic and technological value and eminence and Chinese authoritarian political structure that confront to the core Western political values.

1.10 Gap in Literature:

An effort has been made to fill the gap in the existing literature including publications, articles, dissertations and researches related to Sino-US involvement in Asia-Pacific. Scholar believes that following areas were found unexplored;

- a. The literature is devoid of the response strategy of regional countries to US pivot and its impact on the relations with China.
- b. Though there is emphasis on areas of conflict or potential conflict in Sino-US ties, but limited information was available on coinciding interests and on the roles of dominant powers to play in shaping bilateral ties.
- c. US decline and Chinese gradual upward trend have been found which implies significant consequences for power distribution in the international system hence remains the main event to be surfaced therefore considerable efforts will be required to cover the event.

- d. The potential difficulties and obstacles encountered by both China and US have been discussed but their convergences on a number of issues have not been discussed explicitly.
- e. In depth working in the field of interdependent relations between China and US to intricate each of the aspect being a bulwark against confrontation and an incentive for cooperative engagement, will be required.

1.11 Organisation of the Study:

The research has been organized in eight chapters; in Chapter one, the study begins with precursory of the study like objective of study, research questions, literature review, gap in literature and research methodology. Second chapter has been wholeheartedly devoted to theoretical framework in which “Power Transition Theory” has been explained. Geo-strategic importance of Asia-Pacific from the point of stakes has been discussed in chapter three. Chapter four discussed Sino-US Strategic Interests in Asia-Pacific. Evolution of Sino-US relations has been deliberated in Chapter five. China’s Rising Power and its Policies towards Asia-Pacific has been managed in chapter six. Chapter seven has been devoted to US’ rebalancing strategy, regional responses and its impact on the region. In chapter eight, Economic Regionalism has been discussed. Findings, Recommendations and Conclusion have been given at the end of dissertation.

CHAPTER - 2

POWER TRANSITION THEORY AS A THEORETICAL FRAMEWORK

2.1 Introduction:

States' rise and fall in their international status; some emerge as the premier powers and even hegemons of their day, while others drop out of the ranks of leading states and even suffer loss of their statehoods. In contrast to the fates of Spain, Italy, Austria-Hungary, and the Ottoman Empire, others sometimes manage to recover their great-power position as Germany did after World War I and China appears to be doing it now. Naturally, the processes and consequences of changes in lucrative global echelons are matters of significant to officials and scholars alike. (Thomas & Friedman, 2007, p. 30) In 1970s, there was, for instance, an argument about intensity and significance of US' gradual downturn. An argument that has ludicrously been changed in 1990s by questioning the tenacity of US unipolarity. (Agnihotri & Kamlesh, 2011, pp. 33-49)

International Relations has a long history dating back as far as Thucydides and his Peloponnesian War's history, rise and fall of Roman Empire, the destruction of Athenian kingdom, the Imperial Powers and American Empire. If we ask realists such as Thucydides and John Hobbes, they may come up that humanity lives in a realist world

whereas a nation state requires the loyalty of its citizens and the survival of the nation state is about accumulating power in comparison with other states. (Singer & Wildavsky, 1993, p. 45) However, if we ask idealists such as Hugo Grotius and Immanuel Kant, they will explain that we need to focus on cooperation between nation states, while making all govts as democrats. They will call for increased interdependence both economically and through multilateral institutions.(China Quarterly, 1996, pp. 265-98)

On the other hand, our world has always been represented to switch over conveniently from idealism to realism and realists to idealists paradigms. As part of this complementary behaviour, China and US are, at the moment, matched in the process of power transition but this time it is not like the other power transitions previously concluded. US and China have simplified a nonviolent transition succeeding without any military mix-up to be resulted into another war between great powers. (Colin, 2013, pp. 24-32) After analysing the power shifts among the major powers and then assessing portents for future growth ratio, the indicators are revealing that they are committed to the international order. Keeping in view the strategic goals of dominant and emerging powers, the deductions drawn from the power transition theory after counting the complications involved in peaceful and violent power shifts at Cold War and at World Wars I and II, therefore, it is clear that China would go for peaceful moves instead of confrontation course. (Barber et al, 2011, pp. 1-38)

2.2 Power Transition and its Viability:

The power transition will raise the concerns from relevant quarters as Chinese rapid growth manifests troubles for international order resulting to heightening frictions. Power shift confirms that Chinese rise is threatening the peaceful environment and the prevailing international system. In this context, the Power Transition Theory explains that China and Russia being dissatisfied challengers will come closer if US does not tone down its rebalancing strategy in Asia-Pacific. Therefore, power should be evenly distributed between emerging power and established power of Asia-Pacific. Such environment will create a situation for the Asian powers to maintain their stay in the global order. Conflict situation will be obvious when it comes to power transitioning from a declining power to a rising power. (Asghar & Nazuk, 2007, pp. 537-550)

However, interdependence and power transition need to bring conceptual clarity to conclude that rising China and power transition are realities which must be accepted by the intelligentsia in US. Moreover, these realities suggest that China should be incorporated in the world structure as soon as possible. Rise and fall of great powers is an interesting phenomenon in global system. Traditionally, power shift from the dominant power to emerging power was linked with a series of wars being conducted. US had been maintaining the status of great power for a century, but now a decline has been rummaged around in her power potentials since 9/11 and this has triggered the demise of the US' economic and political hegemony worldwide. If the traditional

history's classical cycle repeats itself, then the role of US will be marginalized in the global structure in the coming days. (Zhao, 2013, p. 55)

China's steady economic growth and up gradation of its indigenous arsenal thereby paving way for a power transition but pose US with serious consequences. A vibrant role by Russia, India, Brazil and South Africa in international politics is helping China and discouraging the US hegemonic role in world politics. Nonetheless, concrete efforts are required for administering Sino - US relations during the epoch of uncertainty of Chinese rise and US relative decline. (Gulick, 2011, p. 22) Economically, China will continue to grow mainly for developing its military power so that it could play its greater role as regional and global power. Therefore, China will move ahead to grow further to become the hegemon in the region as sovereign state and will act as mean for its survivability.

Hegemonic Stability Theory explains a hegemon as; to reduce anarchy, to provide systematic array to the international system, working to deter aggression, promotion to the international trade and to get on at the best in providing a base currency. Realistically, if China continues to seek power, irrespective of its political affiliations either as a democratic or communist nation state, China will have to command Asia-Pacific from the Gulf of Oman to the East Sea. However, Chinese neighbours will work for getting closer and join the US bloc to balance the Chinese burgeoning power. An intensified security matchup between China and its neighbours will be the ultimately

hanging over. In other words, US and China are loomed to be rivals as China flourishes as an economic power. (Mearsheimer, 2001, pp. 45-67)

Fear, honour and interest will also be the factors for China's neighbours as they seek security pacts with the US. The US allies including Japan and South Korea will try to off-set China's growing military capability. (Bedford, 2009, pp. 37-38) On the other hand, fear and interest may cause Asian nationalism to take hold and many of China's neighbours will begin to modernize their own militaries specifically their navies and air forces in order to defend their own sovereign claims on the disputed maritime territories. In order to counterbalance, China will attempt to weaken US' involvement in Asia and by doing so will "Exercise De Facto Hegemony". (Kaplan, 2014, p. 54) However, this time the world would see the difference for not having traditional conflict between great powers conjoining with the transition of power.

In a power transition process, US and China are inexorably affianced, who are also accosting the customary norms of conflict of power transition and they are working together tranquilly. Chinese leaders are definitely realists and as a land power, their pursuit of power will ensure their survival. China has secured its land borders with all fourteen countries and has been on lookout towards South China Sea and beyond. While placing China in conflict with her neighbours and eventually US, Chinese nationalism has a desire to reclaim its place as the regional hegemonic power because China is well aware of her maritime insecurities. In this context, some parallels and similarities can be

drawn between Athens (US) a maritime power and Sparta (China) a land power. (Lai, 2011, pp. 37-40)

Discouraging own rendition of Monroe Doctrine, China may persuade to enact the doctrine accordingly. After all, China continues to concentrate on economic security for its billion citizens with reaping the economic benefits being an exponentially growing nation state. Correspondingly, China will have to realize those gains and the leadership has to continue to deliver on its promises of economic wellbeing for all its citizens. To get its due gains, China has repealed the One Child policy traditionally held. However, today 70 percent of China's population is of working age, 30 years from now that 70 percent will no longer be able to work thereby placing a heavy burden on a smaller generation. Mostly, the realists including Kenneth Waltz and E.H. Carr explain that peace and prosperity will not be ensured by economic interdependence regionally or globally. (Waltz, 1979, p. 32) Nevertheless, in the coming days, China basing her liberalized economy will overwhelm the world specifically US, thereby transforming China as leading nation state regionally as well as globally.

2.3 Power Transition Theory:

The Power transition theory, being the framework of the study, explains the geo-strategic, political and economic competitions between US and China in Asia-Pacific. This theory explains the repetitive nature of war corresponding to power in international relations. The author of the theory is Abramo Fimo Kenneth Organski (A.F.K), who first

published the theory in his book “World Politics” in 1958. It emphasizes on constructive engagement by both challenger and the dominant power whereby providing an alternate perspective to balance of power in explaining Great Powers’ behaviour. On the other hand, traditional balance of power theory argues that shift in power increases uncertainty and possibility of war. Power transition theory translates the behaviour into the level of satisfaction or dissatisfaction because dissatisfied states inclined to change the status quo. Great powers with domestic institutions dissimilar to US are not likely to be benefited from maintaining the status quo. (Lebow, 2009, p. 41)

Balance of power envisions changes in status and power of states at the time when one state occupies a territory thereby provoking counterbalance. This way balance of power process assists to encourage stability between states. States are inherently competing and interstate competitions are heightened in an anarchical international system, therefore balance of power is a difficult job for nation states to be maintained. It is unlikely that dominant power and a satisfied great power will go to war if they enjoy parity. During the transition of power, a satisfied challenger outweighs and supersedes dominant power, will uphold status quo with little modifications here and there. In this case the departed dominant power will have nothing to confront a new leader that has patronized a status quo to its velleity. In the existing international system, US’ Western and Asia-Pacific allies with similar institutions and views are satisfied with the status quo power. (Yesililada et al., 2017, p. 56)

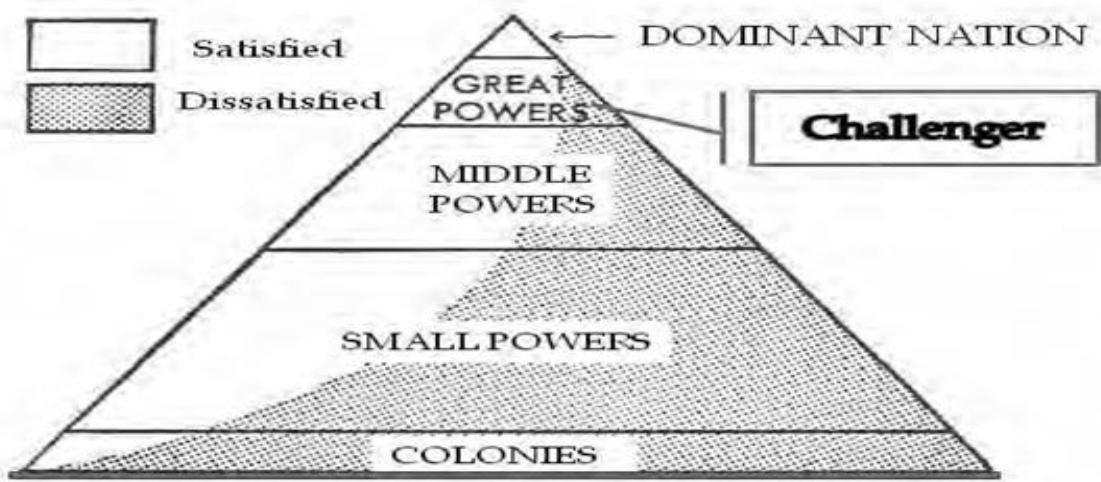
2.3.1 Origin of Power Transition Theory:

Classical realism argues that states are belligerents due to pessimist human nature and non availability of an overriding system or institution to uphold peace internationally. Kenneth Waltz, a structural realist considers anarchic global system as the root cause of discontentment among rising states. Jack Levy and others have viewed dominant elements like the aggressive human nature and non availability of a balancing force in the global system as consequence of conflicts. However, they found inadequate in elucidating as to why states opt for a conflict from a situation of peace when peace as compared to war is well-received and favoured. (Levy, 1998, p. 38) Realists also argue that balance of power in a bipolar or multipolar system works a better choice for stability but discontentment between great powers pave way for wars. (Waltz, 1988, p. 67)

Power transition theory has three components; structure, dynamics and policy. In this context, power transition theory explains that international system is hierarchical in which dominant state sits at the top. Organski confirms that the most powerful state dominates the world to spell out the international order. Liberals have argued that war could be prevented when states shared common economic interests; uphold international law and institutional norms. Notwithstanding, liberal theories elucidate the circumstances leading to war, but fail to highlight why wars occur. (Lai, 2011, p. 43) Similarly, both realism and liberalism theories are somewhat fixated to offer comments on principle components of war instead of its unusual facets. Social constructivists view

ideas and insights, as significant aspects been undermined by realism and liberalism but fail to give the root causes of war.

Figure - 1. Structure of International Relations



Source: <http://politics.oxfordre.com/view>

Hans Morgenthau, a leading exponent of Balance of Power Theory, views that nations forge alliances to counter rising powers and re-establish the balance. It places emphasis on an international structure with division of power evenly amongst major powers having similar power status. Thus minor power's role is marginalized because they lack strength and wherewithal for tilting the balance in their favour. Nevertheless, alliances are forged by powers having similar status to achieve desire level of security. Contrary to this, power transition theory highlights transition in the system that may pave the way to war. The power transition theory also argues that only one state can dominate

the global system and constitute a grand alliance from the minor powers, sharing similar ideology. (Blair, 2007, p. 25)

Thus, states not forming part of this structure may establish a coalition to challenge the existing global order. (Morrisey, 2010, p. 87) Explicitly, power transition theory reckons a conflict when a rising power attains power parity with the great power. A.F.K Organski argued that system would be unbalanced with two equal powers as the rising powers would be discontented with the international system dominated by great power. The followers of Organski view differently as they believe that states with comparative potentials counterbalance until they reach parity. Later on Organski followers made amendments in power transition theory keeping in view the changing reality and complex nature of the twenty first century. (Iglesias-Zoido, 2012, pp. 34-40)

War is inescapable between rising and principal nation states as contemplated by power transition theory. The situation arises when rising nation state maintains to achieve parity and an imbalance of power reaches at level which is considered to be a balance of threat. The environment will continue to be uncertain and dangerous because the rising power will keep testing the circles of existing international order. An alarming situation arises when rising nation state is dissatisfied with the system, attains the status of parity with principal nation state and that is well set to change the international order. Different states attain power through their respective govts' ability in mobilizing their economies and populations. The main reason to get the status of great powers is primarily their determination on footing of their relative military capabilities. It means to

certify that a state should have enough military capability to fight all out conventional war with worldly powerful state. (Mearsheimer, 2001, p. 59)

2.4 Great Powers Transition Theory:

Power transition theory considers that conflict will be evident when the potentials of rising state move ahead to the status of dominant state. Thus, gaps in power potentials are significant factors for peace and stability but an environment with power parity is rickety and perilous. This theory is equally valid for the dynamics of regional powers as the distribution of power is uneven between states in any given region in an international system. (Bordner, 1997, p. 17) Hence, power transition theory rightly understands international and regional dynamics of power and the possibilities of conflicts. This theory needs to define power itself to be constructive while applying it to issues in international system. Thus, exponents of this school of thought termed power as the capability to influence other powers to conform to its will. (Organski & Kugler, 1981, pp. 8-12)

States achieve their supremacy through a blend of various tangible factors to include their population, its economic productivity and the ability of govt to exploit these factors to their own advantage. Thus these are the essential elements for a rising power to rise to a status of great power and to overpower the dominant power. The theory emphasizes the contentment of states within global system with great powers striving for maintaining their influence over the other states, through a system of maintaining the

status quo. The great power may often give away fraction of power to control over the system for promoting a congenial atmosphere based on mutual trust. In the process minor states would be satisfied otherwise cynical to a sole great power. Contented powers will assist the dominating power in promoting a mutual beneficial global order. (Tammen, 2000, p. 35)

The dominant power easily maintains a peaceful status quo in a situation to satisfy other states rather than relentlessly propagating its policies. Struggle for parity between the existing dominant and rising powers becomes perilous when the emerging power challenges the status quo. Whether this discontentment arises from uneven terms, traditional rivalry, ideological divergence or other factors, an emerging power discontented with the international system shall seek to challenge the status quo - in line with principles of this theory. Realistically a discontented state can only pose a challenge when it can translate his power potentials. Theorists argue that it is more likely for a dominant power to confront the emerging power or vice versa, but many identify that rising power is prone to initiate hostilities since emerging power is discontented with the existing order. (Ross, 2005, p. 8)

This theory does not elucidate hostilities initiated by a dominating power subduing potentially a weak state, or a very weak state confronting a powerful state. (Morrisey, 2010, pp. 30-38) A power transition assumption foresees a clash between two countries reaching at par, but it is very difficult to measure a real power or a capability. As per Organski and Kugler, German power potentials had surpassed Great Britain

before World War I. Why then the Great Britain did not attack when Germany was weak? Same is equally valid for the US to take on China when it is at par of America. Possible rationale is that the Great Britain reckoned itself as a great power. Another factor would be the possibility of willingness on unwillingness. A dominant state may be unwilling to commence a conflict because it will disturb the stable order that has been established and worked to maintain. (Levy, 1985, p. 58)

2.5 Power Transition Interconnectivity with Conflicts:

AFK Organski along with other theorists significantly link power transition to hostilities among dominant powers. All theorists consider that when equality in power is achieved, i.e. when strength of discontented power surpasses the dominant power, wars are predicted. Organski initially highlights that possibility of conflicts increases during power transition phase. Transitions in power are mainly based on re-distribution of power in global politics and parity is the basic factor leading to grand conflict. (Kugler & Lemke, 1996, pp. 61-64) The primary assumption is that the possibility of conflict increases with the decrease in gap between resources, particularly when opposing dissatisfied power nearly reaches the power potentials of the dominant power. (Shizha, 2008, pp. 46-49)

Theorists describe parity as the stage in which a potential power bridges the gap in resources of more than eighty percent of the existing great power. Parity culminates when a potential competitor surpasses the wherewithal of the great power by twenty

percent. (Tammen, 2000, p. 78) Although theorists highlight occurrence of a war during transfer of power yet exponents of power transition differ on the exact timings of war. Initially AFK Organski holds that the discontented competitor initiates war before transition of power, but later on Organski along with Kugler highlighted that the discontented potential power starts the war following the transition. (Organski, 1958, p. 24) Organski theory does not share core postulates of classic realism. Contrarily, classical realists and power transition theorists hold that there is no anarchy in international system if a hierarchical order prevails where all states according to respective relative powers in a system accept their positions. (Kugler & Tammen, 2011, p. 37)

Thus states primarily focus on maximizing net benefits and hold dominating standings in the system in contrary to balance of power stress on power maximization. Similar to other schools of thought, Power transition theorists identify singular conflict source among dominant powers, but many factors are attributable for the initiation of hostilities. (Morrisey, 2010, p. 36) Even scholars of the theory decline the deterministic assumption that only transition in power originates war. (Organski & Kugler, 1981, p. 44) Though this theory identifies circumstances for a conflict but other aspects like the political resolve and decision makings must also be considered for initiation of war. (Bennett & Stam, 2000, pp. 10-16)

Power transitions theorists highlighted phenomena, predetermined in world politics that parity in power had not concluded war every time. Similarly transition in

power does not lead to a conflict; though, parity is essential element but not enough to initiate a war. Power transition theorists do not amply covers the factors linked with transition in power and other elements of interdependence between the dominant power and the potential contestant. Traditionally, different schools of thought by and large consider transition in power without taking into account dominant powers relations and their limitations in global interdependence order. (Waltz, 1954, pp. 30-41) However, theorists do not evaluate the fact that interdependence can force both dominant power and emerging power to cooperate for systemic transition in power and they may strive for peaceful power transition.

In Democratic Peace Theory, most of Liberalists propose that democracies hardly opt for war but this proposition is not very much valid when there is an interaction between a democratic state and a non-democratic state. However, the proposal at times is undermined by occurrence of war between democratic states and long lasting harmony between dictators and non-democratic states. Though realists visualize transition in power in the prospect of bilateral relations of great power and the challenger but theorists disregard the aspect where a dominant power acts multilaterally within the premises of global interdependence. (Waltz, 1979, p. 45) As a matter of fact, mostly dominant powers are cognizant of their interests and are being ardently pursued across the globe.

Few theorists have identified that great powers are more inclined towards the alliances instead of associating with weak states. (Siverson & Sullivan, 1984, p. 46) Researches also unearthed that necessities and incentives constrain a dominant power to

act multilaterally in face of many issues. In addition, dominant power prefers multilateralism while dealing with security and economic aspects in global context. States affect the decision to initiate a war due to political make up, global economic relations, statesman perspicacity and its role in multilateral organizations. In order to foresee a peaceful power transition, great power relations need to be critically analysed in context of different dimensions like politics, economy, military and other social infatuations. As whole, the Theory emphasizes domestic growth as the source of state power and connects both domestic and global politics in similar domain. (Ruggie, 1993, p. 26)

2.6 Interdependence and Power Transition:

The essence of interdependence and globalization is based on multi-lateral cooperation and integration. The initiation of multi-lateral initiatives by the great powers with support of other states will be considered as legitimate and lawful. Considering the multilateralism and interdependence milieu, litigious issues are addressed after getting on one page with other powers. Comparing the relationship between interdependence and power, Robert Keohane and Joseph Nye gave complex interdependence concept with three basic notions, **one**, policy objectives of a state are not lay down in constant hierarchies, but subjected to tradeoffs, **two**, availability of multi-faceted means of communication among the societies widens the spectrum of policy mechanism and **three**, military force is mostly inappropriate. In this context, it is important to note that greater

interdependence between states minimizes the chances of conflict. States are less prone to employ hard power for settlement of disputes with common economic and political interests. (Zhiqun, 2001, p. 17)

Moreover, dominant powers with established relations of trade and other goods exchange help in minimizing the distances among peoples and this was a dominant factor in establishing European Union. It is verified from different researches, that states having linked economies with large trading foreign sector tends to denounce the decision of war. (Papayoanou, 1999, p. 56) However, having widespread linkages in global economic sector, a state singularly cannot thwart the outbreak of war. During last decade of 19th century and beginning of 20th century while German economy was booming, it enjoyed impressive economic relations with all dominant powers, but her pseudo democratic political structures give eminence to a combination of Iron, Rye, Military, and Kaiser. Thus actors having expansionist designs established economic linkages to cause destructive consequences and with hostile strategy mitigated to transform the nature of economic linkages. This shows the response of domestic structures and other setups to interdependence that affects the interaction between dominant powers. (Mesquita, 1990, p. 35)

2.7 Effects of Globalization on Power Transition:

Theorist argues that conflicts will be less likely during power transition if the dominant power accommodates the rising state with shared key interests, through

multilateralism in an international system. Globalization exposes a rising power to the global norms and procedures of democracy and human rights that interwove a rising power into interdependent world. If a challenger accrue benefits from this model, she would be less likely to employ aggressive means for altering the status quo. Broad linkages between rising and dominant powers are likely to lead to predictable behaviours which will in the long run reduce the chances of wars between them. Nonetheless, it is likely that dominant and the rising powers will strive for peaceful transition in interdependent world through multilateral cooperation. (Gulick, 2011, p. 53)

Peaceful power transition is a dependent variable and factors linked with globalization and interdependence are independent variables which ultimately affect the transition of power. A question arises that how the key interests of challenging power will be accommodated Vis-a-Vis the dominating state' interests? After the cold war, policy makers have left with a vital challenge of peaceful transition from US dominance to new world order. Thus, theorists and scholars foresee that in new century a world with multi powers will emerge. Potential competitors such as Russia, China, Japan and the EU are envisaged to play dominant role in world politics along with US. However, rising China needs adequate focus on economical and militarily aspects as Chinese do not hold similar norms and values as of dominant power and China has already displayed dissatisfaction with current global order. (Khanna, 2008, p. 21)

2.8 Sino and US Relations in Great Powers Transition:

Sino-US relations waded through various ups and downs after establishing diplomatic ties, in 1979. Both the Powers have exercised restraints and developed constructive working relations in spite of having incidents such as the Tiananmen Square, Taiwan Strait Missile Crisis, Embassy Bombing and Spy Plane EP-3 Issues. Sino-US relations are deeply embedded economically and politically through greater interdependence that played a pivotal role in subsidizing the tensions and trust deficit. The US ranks China as number two global trade associate while China has given fourth place in the US global trading partnership. Both of them share similar interests at global and regional context such as in Korean Peninsula and Asia-Pacific economic development. (Blair, 2007, p. 45) Deep linkages are also displayed by various exchanges amid both societies. Majority of the US tourists visits China as one of their top Asian destinations.

China shares leading academic linkages with US through building a largest foreign student population. Side by side, US' parents in 2000 adopted 5000 Chinese kids. (APN, 2001, p. 29) Deeply embedded relations have been bridged by global interdependence assisted both the states to settle their issues from a broader outlook. (Ross, 2005, p. 13) The US foreign policy shifts between idealism and liberalism and US-China policy have been illustrated by nexus of engagement and containment. (Shirk, 2008, pp. 33-36) In order to prevent a probable Sino-US conflict, the viable option is to

integrate China into global structures and organizations. This participation will benefit the international society thus upholding Chinese satisfaction to conform to the US long term interests. (Zhao, 2013, p. 65)

2.8.1 Historical Linkages of Sino-US Power Transition:

In global politics, pertinent lessons from historical linkages can be drawn as a model for future transition of power, therefore in future, possible transition of power would be between China and US. (Morrisey, 2010, p. 76) Despite critical setbacks politically and economically, China's huge populace along with enormous growth and its successive impetus enable itself as the potential competitor to US supremacy. While highlighting the history and dynamics of Sino-US relations and at the same time focussing on future, both powers have been divided into three schools of thought; (1) David Lampton - comparatively peaceful, interrelated, and commonly dependent, (2) David Shambaugh, Richard Bush and Michael O'Hanlon - amplifying hostilities and conflicts and (3) Minxin Pei - continued asymmetry due to China's failure to attain status of great power whether on demographical or political basis. (Keohane & Nye, 1990, pp. 56-60)

Various discourses on Sino-US relations could not conclude on application of work of Organski and Ronald Tammen specially in the case of rising China. Thus, it is pertinent to relate lesson to a probable Sino-US power transition. (Ackermann, 2014, p. 63) Considering the key elements of power, population, economics, and political power,

US is an overwhelming power. US is the major sole economy that holds technological superiority in defence forces around the globe since collapse of USSR. Now rise of China appears to bring US and China at verge of conflict in terms of aggregate power measurements. In line with power transition theory, confluence of potential strength may pave way for hostilities. (Lai, 2011, p. 44)

China has achieved impressive uphill position in power potentials after economic reforms of 1979. (Scott, 2008, p. 43) In line with imperialist Germany, post Civil War of US, and a host of old rising powers, China initiated with remarkable growth rate which at later stage may transformed into power across traditional spheres. However, US per capita output is ahead of China for decades but, China's huge populace entails that even a little rise in per capita could transform into enormous state power. Politicians and defence analysts, many think tanks on China and masses in US see China as a rising power to the extent to which these classes of US society consider rising China as a threat to US. They are deeply concerned with the apparent China's rise and the relative decline of US power. (Meredith, 2008, pp. 10-13)

David Shambaugh considers China as a potential competitor to US and Minxin Pei thinks that China's structural and internal weaknesses will forbade China from translating into a potent threat to US. Notwithstanding, the US defence forces foresee China as the potential challenger and are very apprehensive over the Chinese modernization of defence forces and acquisition of hi tech weapons. US political elites, from presidents to senators and beyond, have shown unfathomable concerns of China's

rise. (Hass, 2010, p. 39) US thinks that Chinese continuous economic growth will lead to concomitant increase in political, diplomatic, and military spheres. Similarly, few defence analysts and thinkers refer that China is swiftly reducing the gap with US' military by focusing on counterpoints of US technological advancement and asymmetric war capabilities. (Zakaria, 2008, pp. 20-25)

2.9 Inter Paradigms Debate about Power Transition:

2.9.1 Realists versus Liberalists Paradigms:

The aged old Greek city system was tormented by the Peloponnesian wars, however, in the previous century, Europe was ruined by World War I and II. Undeniably, if we look fervently at wars of 20th Century, they have not left much to us to speak about any progression. City states established empires but those were based on interest, fear and honour and could have given it up any time. As per the realist paradigm, all nation states are unitary actors that gravitate to hound self interest. The states are compeers within the system having no political hierarchy to check, hence state system is termed to be anarchic. For survival, these individual states can act to secure resources as relative gain. (Shanske, 2012, p. 39)

To compete for resources and to ensure state security, these states build military power. In this way, states possess military capabilities that contribute to spark the security dilemma. (Donnelly, 2000, p. 46) The realists explain that war as experienced is

integral part of the international system. On the charges of having pessimistic approach, realists reacted that the controversy should not be tackled on the basis of optimistic or pessimistic modes rather theory should be considered to be either right or wrong. (Blair, 2007, p. 50) Liberalism or Idealism is engrained in Western European liberal traditions. Liberals believe that international institutions play their pivotal roles for cooperation among various states.

States, with good international institutions avail good opportunities to negate wars and because of increasing economic interdependence and cultural reciprocities, the relations among states are strengthened. Liberals argue that diplomacy is the best tool while interacting honestly and supporting nonviolent solution to the problems among states. Moreover, liberals also believe that prosperity among states can be maximised while interacting through diplomacy and international institutions. The main topic of liberalism is a pledge for individuals to build a society where people can gratify their aspirations. (Heywood, 2007, pp. 45-48)

World governance exists but at the same time, there is no existence of international govt. Liberalism projects that sharing democratic values and open-mind self-interest are affirmative values of human nature. Resultantly, rational humans will join to entrench a societal contract for protecting citizens of states from realist world. (Locke, 1704, p. 37) This is the reason that relative peace is adored and enjoyed by mostly all states because “Proponents of world govt offer distinct reasons for *why* it is an ideal of political organization.” Many will provoke that solution lies to have world govt

because it can settle the issues like “old and new human problems such as war and the development of weapons of mass destruction, global poverty and inequality, and environmental degradation.” (Kant, 1804, p. 45)

2.9.2 Hegemonic Stability Theory versus Long Cycle Theory:

Major Powers have to impose rules and administrative order, identical to the central govt within the international system for maintenance of peace and stability. The state that is able to adhere to such situation, will dissuade aggression among hostile states, scale down anarchy within the system, promote international trade and manage hard currency to be used as a world standard. To attain hegemonic position, a state should have four main idiosyncrasies; **one**, the capacity to implement international rules, **two**, the will to implement the international rules, **three**, the commitment to adhere to a system that is profitable to a large number of states, **four**, observe the Susan Strange's **four** dimensions of international political economy; a broad substantial and burgeoning economy, finance and money, education and technology and the ability to project military power. The Roman Empire till 476 AD, United Kingdom till 2nd Boer War, 1902 and US till Cold War are three examples of the nation states were able to enforce their will on all their partner nation states. (Alise & Teddlie, 2010, pp. 103-126)

Roman Empire controlled most of Europe from England through Middle East (Israel and Egypt). They maintained a military capable of enforcing international rules hence were committed to that system. They had a large stable and growing economy,

money and financial resources; they also maintained universities and libraries and developed technologies and of course, they provided security throughout the empire. The United Kingdom likewise did the same thing through its control of the seas. The empire covered the majority of the planet from Canada and the Caribbean in the Western hemisphere to Gibraltar, India, large parts of Africa and the Middle East as well as parts of China and Australia. Today, Great Britain maintains good relations with the majority of its former colonies. The last example is of US that they maintained its influence over the entire world after World War II and continues to do so even today, but like other examples the US is graduating slow power transition. (Scott, 2008, p. 26)

Long cycle theory has highlighted global wars and leadership and envisages five long cycles of hundred years each. Every long cycle is preceded with a grand conflict, thus a state is created as a juvenile dominant power and legalizes its predominance through peace pacts after the war. Many Academics have affirmed the observations made in the theory but the ultimate outcome of world power is Naval Power which can be further researched. It has been recognized that there are three main economic waves of fifty years each since 1780s. The majority of societal disorder including conflicts and uprisings are taken place when wave of each long cycle rises. (Kondratieff, 1984, p. 38)

Modelska and Thompson individually and jointly researched since 1970 and accentuated the cyclic succession quest in global dominance among dominant powers. It is opined that progression to leadership is linked to systemic struggle of conflicts. (Modelska, 1978, pp. 45-48) Modelska and Thompson in the following studies also argue

that the increase and decrease in international economics are synchronized with great powers rise and fall phenomena (long cycle of world politics). However both did not elaborate whether economic and political cycle precedes one another or whether both cycles correspond. (Modelski, 1996, p. 31)

2.9.3 Critical Analysis of Inter Paradigms Debate in Relation to Power Transition:

The issue of peaceful transition has been rightly recognized as the fundamental problem of global relations. (Carr, 1964, p. 89) Twenty years down the ladder, Robert Gilpin stated that nonviolent and smooth transition of power in a global community had weak prospects for success. Torbjorn L. Knutsen (1979) highlights that powerful states start its standing from grand conflicts. Exponents of realism too holds that dominant powers give preference to independent acts or mutual dialogue in place of multilateralism on the global arena as variety of options are available to them with less organizational limitations. (Waltz, 1979, p. 54) While studying war and power transition the international relations students question the base of a conflict because discourses don't highlight the nonviolent transition of power.

Although the democratic peace theory proposes that transitions in power between democratic powers will rarely go to war, yet it explains little with highlighting transition of power between non-democratic powers. Lot of discourses are available on power transition and its nexus with the conflicts in world politics. Among others, Wright,

Toynbee, Gilpin, Wallerstein, Modelska, and Kennedy recognize that great cyclic wars are connected with systemic transformation in international relations. Organski also clearly links power transition to hostilities between dominant powers. A realist Wright states that regular grand conflicts were taken place during contemporary historical era, and initially been followed by a common peaceful era then by a period of small conflicts and after another phase of peace, a new world order was constituted.

Considering a historical outlook, Toynbee highlights that a respite following a period of general wars results into phases of conflicts until the completion of transition of power and an establishment of new mechanism. Highlighting a neo-realist discourse, Gilpin claims that transition of power is achieved through a conflict which reconstructs stability in the global order. Moreover, change in cycle is concluded with the power been re-distributed. According to Gilpin, unequal economics, politics and advancement in technologies lead to a cycle of power transition. Wallerstein, an exponent of the neo-Marxist school of thought, while addressing global disparity highlights that grand wars have frequently occurred in contemporary international politics. A period of hegemonic maturity is achieved when hegemonic decline and rise occur then after rivalry follows. (Morrisey, 2010, p. 8)

He further explains that transition in power usually happens after certain period of time. It accounts for the fundamental factor of net difference in relative productivity between opposing powers to dissipate. (Wallerstein, 1987, p. 76) Kennedy too included political economy into discourse of dominant states relations. Kennedy identified that

historically, progression in technology, changes in demography and economical development are the dynamic tools of development. To him, dominant power will collapse sooner or later if it starts spending much due over stretched economical and military interests abroad. Throughout the history, colonial expansion is the basic factor for the collapse of dominant powers one after the other. (Litz, 2011, p. 45)

2.10 Conclusion:

Power Transition Theory argues that power preponderance is the key element that makes or breaks the peaceful international order, whereas a stable equilibrium of power is preferred by realism, however balance and parity should not be mixed up. Dominant power, upon her apprehensions, may initiate a war with rising state, on the other hand, to safeguard from the initiation of conflict, the contesting power may resort to aggressive actions against dominating power. Dominant power will act to retard the rise of emerging power but still all the issues in transition of power will not culminate at war. After evaluating various events of power transition, it cannot be brought out whether it will lead to war or otherwise. Both dominant and rising powers will have to think deliberately for adopting a definite course so that war could be avoided.

Similarly, balance and parity fall simultaneously in some patterns, however, there are states in which either balance or parity exists, but these should not be binding factors for transition of power. Under an uncertain situation, a better course of action to address the Sino-US relations in great power transition will reduce chances of war. China has

been progressing well in the last four decades and has not overstretched its military, therefore its incorporation in the international system will reduce its dissatisfaction to a great extent. Same way after its adjustment adequately in the international system, Chinese participation in the world affairs will be beneficial internationally especially in strengthening of Sino-US relations. Sidelining China will have repercussions for maintenance of status quo and its incorporation will reduce its discontentment to challenge international order.

CHAPTER - 3

THE GEO-STRATEGIC IMPORTANCE OF ASIA-PACIFIC

3.1 Introduction:

The threshold of globalization has already been crossed by the world, resulted into disbursing of European investment and trading familiarity that are matching the plentiful wherewithal in the Pacific. The region composes of thirty six countries, having a population of over four billion making them to be 65 per cent of the world's population, who speak over 3000 different languages. (Bana, 2016, pp. 8-12) Specifically to the East and Southeast Asia where 1/3 of the world population is living who produce over one-fourth of world exports. Strategically, covering 22 percent of world land, Asia-Pacific is one of the important and eloquent regions, comprises of three well developed economic powers of the World i.e. China, Japan and US. (Moon, 2012, p. 35)

The region is located strategically at a junction of Europe, Middle East, East Asia and North America with world's six largest ports and six vital SLOCs including South China Sea, Lombok, Makassar, Ombai - Wetar, Sunda and Malacca, of which the Strait of Malacca is the most important seafaring chokepoint through which over 600 vessels pass each day. (UNDP, 2010, p. 34) The amazing chemistry of demography, the significant functions of the states and the recent economic development are enchanting Asia-Pacific on frontward. The state controlled institutions have possessed assets valued

approximately over US \$ 6 trillion foreign exchange, counted to be two-third of the entire global assets therefore making the region to be highly conducive for free trade agreements. (Buttonwood, 2017, pp. 24-28)

Three economic giants China, India and Japan are located in Asia-Pacific whose economies have picked up across the region to be at 6.6 percent in 2015 and 6.4 percent in 2016. In the coming days, the dependence on the routes located in the region for transportation of oil will increase. EIA analyses, “Malacca Strait is the major Sea Lane of Communication through which fifty percent of the world’s crude oil, sixty six percent of its natural gas and forty percent of the international’s trade are conducted, however, these figures will increase due to the growing demand of energy internationally.” (WER, 2016, p. 57) On the other hand, the centre of gravity along with economic activities will be transferred precisely to Asia-Pacific by 2050. (Goldman Sachs, 2005, p. 46)

3.2 Significance of Asia-Pacific:

3.2.1 Ecological and Natural Characteristics:

The Asia-Pacific is gigantic region spreading over 22 percent of global land area measuring to be about 2.8 billion hectares of land. Asia-Pacific is of colossal magnitude, lengthening to Mongolia in the North, to New Zealand in the South, to the States of Oceania Iceland in the East and Pakistan in the West. (Tsamenyi, 2010, p. 67) It integuments the variegation of diverse conditions as it diversifies with high plateaus and

mountains and tropical with arid and semiarid deserts. The servitudes among various countries are the consequences of economic, physical, religious, cultural or political factors or of some of them for unification. (Sutter, 2009, p. 76) The region is excessively contrasted in terms of human and physical characteristics to include different ecosystems that ranges from jungles to plains and deserts to tropical rainforest. The ecosystems are balanced by multi-formity of human populations exhibiting a variety of belief systems, customs, values, languages and traditions. (Goh, 2004, p. 27)

There are over 20,000 islands in Asia-Pacific region, most of which can be seen in Southern part of Pacific. On the other hand, “most geologically young mountain ranges on the Earth's land surface are associated with either the Pacific Ring of Fire or the Alpide Belt, whereas, the Pacific Ring of Fire includes the Andes of South America, extends through the North American Cordillera along the Pacific Coast.” (Kirianov, 2007, pp, 2-11) Southeast Asia has dense and mostly impassable forests, whereas North Asia has Tien Shan and the impressive Himalayan mountainous ranges. Himalayan Mountain ranges itself spread over 2,500 kilometres detaching Indian subcontinent from the remaining of Asia. About 50 to 55 million years ago, Indian subcontinent got connected to Africa and collided with Eurasian to form Himalayas. Himalayan Range brags much of dominating peaks to include Mount Everest with the height of approximately 8848 Metres above Sea Level. (Yearbook, 2011, p. 10)

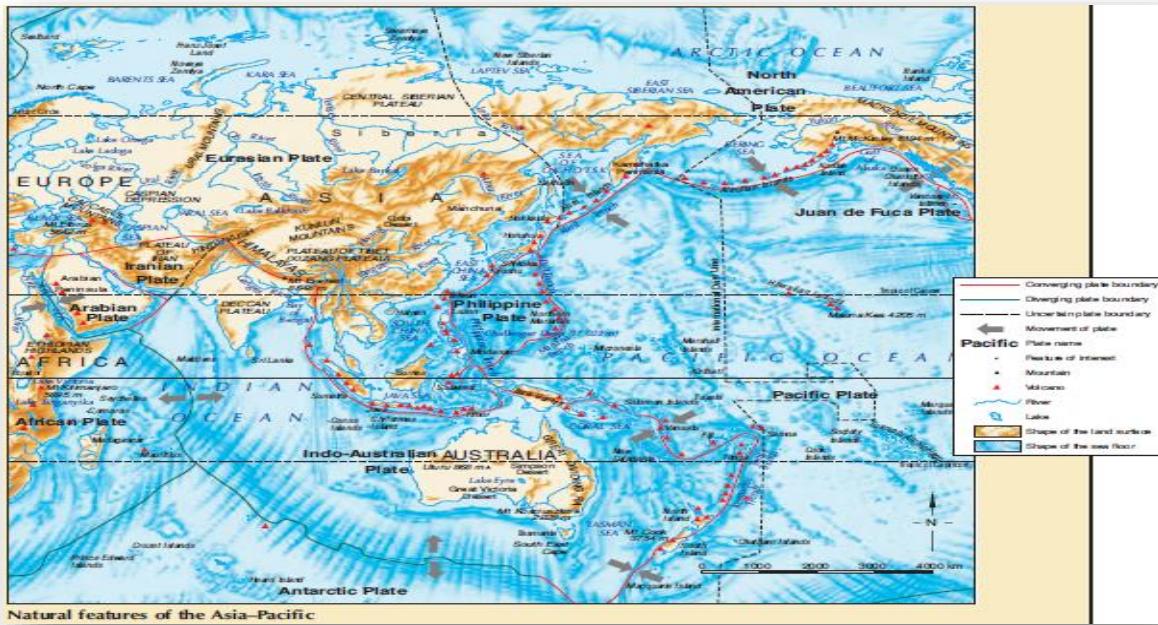
In the world, largest river systems can be found at the beginning of North Asia which convolute their way to Southeast Asia creating high fertile land. Asia-Pacific is

very rich in water stockpiles; the 25 million years old Baikal Lake is located in southern part of Russia, whose depth is approximately 1,620 meters. Yangtze River is the 3rd longest river in the world with the length of 6,300 kilometres. Yangtze River is believed to be the bottom line of China that drains 1/5th of land area of the country therefore heavily contributing towards the Chinese economy. (Thayer, 2011, p. 45) The Tigris and Euphrates Rivers flow through Syria and Iraq whereas the land between these two rivers called as Mesopotamia that remained the central point of earliest civilizations. Nowadays, the Tigris and Euphrates rivers are under consistent threat due to their increased industrial and agricultural use. Similarly, Botanists titled China as the Mother of Gardens because only China has more species in flowering plant than American continent. Asia's diversified cultural and physical panorama have governed the way most of the animals trained and kept for domestic purposes. (Ott, 2006, p. 67)

The Asian marine and freshwater habitats contribute unbelievable biodiversity. The amphibious life in the region has been adept to grow for trillion years somewhat unruffled and generating a handsome assortment of fauna and flora. Side by side, the region possesses a mixture of lakes to its credit for studying of metamorphic science like Galápagos and Baikal Lakes of Russia. (De Castro, 2010, p. 37) The Galápagos Lake possesses 1,340 animals and 570 plants' species. On the other hand, millions of species of Lake Baikal are purely endemic and local which are never found anywhere on Earth. The lagoon, "Bay of Bengal" is home to many of aquatic creatures including dolphins, whales etc. (Mantyla & Reid, 1995, pp. 10-14) The mangrove trees of maritime life are

playing important role in these area where thousands of the species of shrimps, fishes, snails and crabs are living in roots of these trees. From the maritime perspectives, the responsibilities for integration of resources in a sustainable manner by all states located in the great region are highly important.

Map of Area of Asia-Pacific (Natural Features)



Source: www.fao.org/docrep/w4388e/w4388e03.htm

Straits of Malacca, Lombok and Sunda are being used for shipment of approximately fifty percent of the international sea trade due to which the region makes the Asia-Pacific transpired as a midway of interest. (Carana, 2004, p. 29) The importance of the region could be judged from the point that a naval incident or conflict could close

the waterways for half of world crude oil. Any such incident and the closure of these Choke Points would affect the entire economy of the world. Major Powers of the region including Japan, India and China are working hard to establish their military bases for deployment of their troops in or near these Chokepoints with a view to get control of the entire region. Additionally, the signification of these Sea Lanes of Communication can be evaluated from the presence of US military deployment. US' troops' presence is basically meant to control these waterways through close ties with old allies and partners like Australia, Taiwan, Philippines, South Korea and Japan. (Kissinger, 2011, p. 59)

The controlling of routes and hydrocarbons exploitation in oceanic depths have ignited the traditional controversies among neighbouring States. The entire area is very important but none of the single reef or toll or island can be ignored due to its importance as part of the route or a source of hydrocarbons and then becoming a major source of contention. (Kitano, 2011, p. 50) Moreover, Kuril Islands persist to be the cause of conflict between Russia and Japan and Yeonpyeong Island continues to be sources of a conflict between the two Koreas. Tokyo and Beijing are claiming their territorial rights over Senkaku and Diaoyu islands located in claimed areas of Japan and China respectively. On the other hand, Rocky Archipelago Takeshima is the main source of dispute between Japan and South Korea. This archipelago is situated in south of Sea of Japan for which US did its efforts to settle the issue between them. China and Vietnam entangle for the waters near the Paracel and Spratly islands. These islands have vital

haulage areas and there are plentiful fishes, gas and oil reserves. (Shambaugh, 2013, p. 46)

3.2.2 Demographic Characteristics of Asia-Pacific:

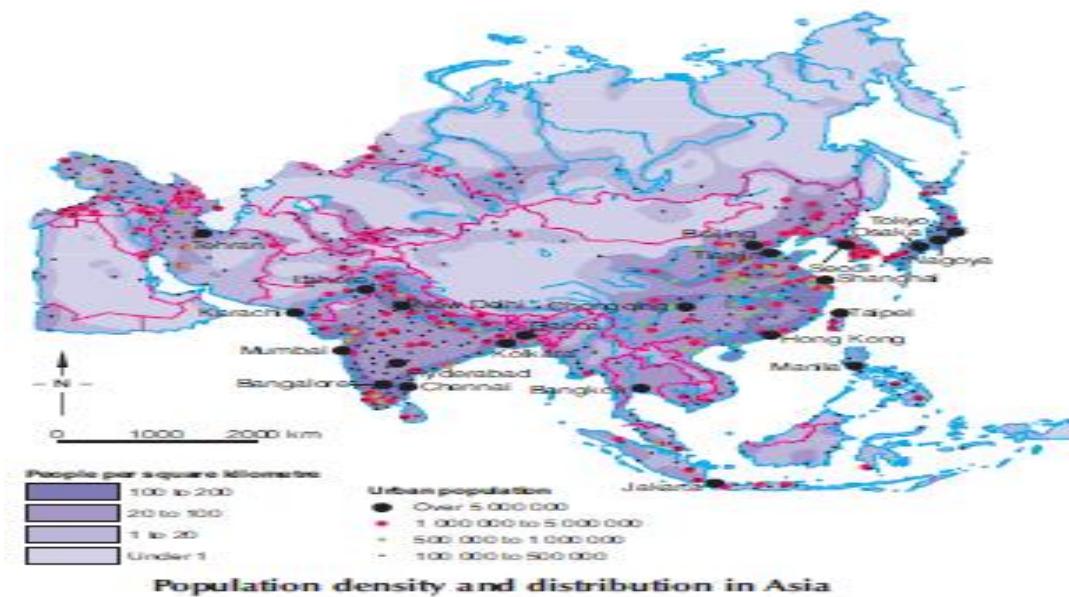
Asia-Pacific region has been sheltering religious, linguistic, ethnic, cultural and racial groups. These groups, over time, for one reason or the others have mingled and dispersed in the social orders. Asia-Pacific represents 1/3 of the globe where around 3000 different languages are spoken. Notwithstanding, no single religion, culture, economic system, political system or society could differ this region from the rest of the world. (Kitano, 2011, p. 28) However, the individual histories and geographies of a state of the region have moulded its population very differently. In addition, factors such as natural disasters, the availability and use of natural resources, political and economic instability, war and colonisation have different registrations upon the states of the region.

(Bana, 2016, p. 9)

The climate coexists with the assortment of human and physical conditions of Asia-Pacific. Australia is diversified country with climatic extremities like the humid equatorial climates of north Queensland and lofty rainfalls of south eastern shoreline and then the low rainfalls of Australian arid centre. Similarly, the countries in the south of the region apperceive different climates. The temperatures intermittently percolate to zero or below in mountainous regions of Japan and China. Moreover, in countries located in Southeast Asia, like Malaysia and Thailand, the climate remains humid and

wet whereas warm and balmy tropical climates are experienced in Pacific islands during the whole year. The mountainous regions of New Zealand develop colder weather in the winters. (Liru, 2012, p. 67)

Table - 1. Population Density



Source: <https://reliefweb.int/map/world/asia-pacific>

Geologically, Asia-Pacific has been confirmed to be one of the most unstable regions of the world. Due to the enveloping connection and assemblage points of tectonic plates of Eurasian, Pacific, and Australia, the region has perceptivity to seismic and volcanic effects. The junction points of these tectonic plates are the common formations of geologies. The formations consist of deep ocean trenches, volcanic islands and other normal volcanoes. Tsunamis and Earthquakes are occasionally occurred in

unstable but predictable localities. However, the geological effects differ from one area to the other in the region. In case of Australia, geological effects are comparatively less so it is more stable but in case of Indonesia, earth quakes and volcanoes are frequently erupted. (Lai, 2011, p. 37)

3.2.3 Cultural Characteristics of Asia-Pacific:

Asia-Pacific has been characterized though variant but high degrees of cultural heterogeneity. This is mainly because of its receptiveness to foreign prevalence of civilization and economic progression. However, its home-grown ethnic culture has been preserved. Chinese civilization firmly influenced Japanese civilization that has been incorporated in Japan through Korean mainland. The same got incorporated to be a house of institutions and technologies in Japan. (Ciuriak, 2004, pp. 8-11) However, People did not abandon their home-grown culture, rather they coexisted the home-grown culture with the assimilated ones. It is easy to find the type of historical proceeding along with other congruities in most parts of the region. In the localities between the islands of Indonesia and India, an old heroic poem "Ramayana" percolates the day to day life of the population.

Major languages of Philippines, Malaysia and Indonesia can be tracked for associating them with one language. The spoken languages in other parts of Pacific have firmly linked with these languages called as "Malayo-Polynesian language". (Lieberthal, 2011, p. 24) Similarly, the natives of New Zealand and Australia have profound

linguistic bonds with their one language family. Since long, the home-grown culture is basically the solidification of the depository of acumen, gathered over period of time to harmonize the natural way of life. Most of the areas of Asia-Pacific have succeeded to nourish their cultural belonging that mixes the home-grown culture with the assimilated one. (Pemberton, 2017, pp. 20-25) Therefore, this is the main reason to find the fines of both in the regional beautification and is largely intact.

In Indonesia, Japan, and other parts of Asia, the culture of eating rice is a universal ecological feature. On the other hand, the Sweden agriculture system can be found as a way of life in general public. In some parts of the areas, “though, the centuries-old practice of slash-and-burn methods in order to make way to rice, gives rise to land-related problems that need to be addressed in a sustainable way”. Maintaining their connections to Sea is yet another peculiarity of Asia-Pacific culture. This way the old civilizations made their way to Pakistan, India and China on their borders through Sea. On the other hand, few countries of region have made their abodes on islands where others have developed large cities at the coastal areas. The ratio of seafood while comparing with animal based food is much higher than the other regions. (Buttonwood, 2017, p. 40)

3.2.4 Economic Characteristics of Asia-Pacific:

The combined population of India and China is approximately 2.4 billion, which is ostensibly a major population of Asia-Pacific. Notwithstanding, there are other states

whose populations are equally large in terms of investors and consumers, hence mattered a lot. In this connection, the important countries are, Indonesia with 261.1 million population, Pakistan 210 million population, Philippines and Vietnam 100 population whereas ASEAN states represent around 500 million people. (REO , 2017, p. 49) Asia-Pacific has been housing largest cities of the world; it has nine largest metropolitan cities out of the twenty largest cities of the world. With growing days, a few of the cities have expanded remarkably well in size because of the huge migrations to the urban and those are availing opportunities in economic progression of respective country. (Pemberton, 2017, p. 38)

Over the last three decades, Asia-Pacific region has been maintaining its lofty economic growth rates surpassing other regions. The region is famous for the high growth rate therefore, it is known as "growth centre of the global economy." This growth rate is predicted to be maintained. (Kissinger, 2011, p. 40-50) Huge population, high growth rate, an orchestrated diversification of both natural and socio-economic environment and plentiful natural resources including productivities in marine and mining have made this region more pronounced than any other regions. Currently, in addition to the features of the entire region, other salient are the rise in intraregional interdependence, renewed economic progression and surge in intraregional trade. (Wilson & Purushothaman, 2003, p. 38)

Table - 2. Asian GDP

Region/Countries	Actual Data and Latest Projections				
	2012	2013	2014	2015	2016
Asia	5.6	5.9	5.6	5.6	5.5
Emerging Asia	6.8	7.1	6.8	6.6	6.4
Australia	3.6	2.1	2.7	2.8	3.2
Japan	1.8	1.6	-0.1	1.0	1.2
New Zealand	2.4	2.2	3.2	2.9	2.7
East Asia	6.8	6.9	6.7	6.3	5.9
China	7.8	7.8	7.4	6.8	6.3
Hong Kong SAR	1.7	2.9	2.3	2.8	3.1
Korea	2.3	3.0	3.3	3.3	3.5
Taiwan Province of China	2.1	2.2	3.7	3.8	4.1
South Asia	5.2	6.8	7.1	7.3	7.4
Bangladesh	6.3	6.1	6.3	6.8	-0.1
India	5.1	6.9	7.2	7.5	7.5
Sri Lanka	6.3	7.3	7.4	6.5	6.5
Nepal	4.8	3.9	5.5	5.0	5.0
Pakistan	3.5	4.4	4.7	4.7	5.5
ASEAN	5.9	5.2	4.6	5.1	5.3
Brunei Darussalam	0.9	-1.8	-0.7	-0.5	2.8
Cambodia	7.3	7.4	7.0	7.2	7.2
Indonesia	6.0	5.6	5.0	5.2	5.5
Lao People's Democratic Republic	7.9	8.0	7.4	7.3	7.8
Malaysia	5.6	4.7	6.0	4.8	4.9
Myanmar	7.3	8.3	7.7	8.3	8.5
Philippines	6.8	7.2	6.1	6.7	6.3
Singapore	3.4	4.4	2.9	3.0	3.0
Thailand	6.5	2.9	0.7	3.7	4.0
Vietnam	5.2	5.4	6.0	6.0	5.8

Source: International Monetary Fund Website, www.imf.org.com

The economies of various countries are categorised according to the growth rate of various regions; Singapore, New Zealand, Japan, Australia and Republic of Korea are industrialized nations. On the other hand, Vietnam, Pakistan, India, China, Cambodia, and Bangladesh are categorized as developing countries. Philippine and Indonesia are considered to be the middle class economies and Malaysia and Thailand are the high

class economies. It is argued, "In the East Asian growth economies, outward-looking policies of trade liberalization and relaxation of restrictions on foreign capital are stimulating trade and investment activities and empowering export-oriented growth." It is further argued, "In a sequence beginning with NIES and continuing with ASEAN members and China, in that order, nations who take late economic start, are galloping to reach them, however the latter are revamping their industries." (REO, 2017, pp. 37-40)

Map of Asia-Pacific



Source: www.taiwandomuments.org/map

The Asia-Pacific region with world largest population has tremendous economic potentials. The economy of Asia-Pacific is burgeoning briskly as compared to the economies of other regions. In addition, it is predicted that by 2025, the economy of

Asia-Pacific would be ahead of the economy of Western Europe and at par of North and South Americas. In year 2017, the growth rate of the region had already attained the level 5.5 percent and is predicted to be maintained the same in the year 2018. The economic policies based on accommodating will predicate the internal demands hence will outweigh the inflexible international economic conditions. The Asian Markets have been pliable in spite of saturation in capital flows, therefore reflecting strong malleability. World Bank acknowledges that Asia-Pacific contributes 30 percent of GDP in the international growth whereas the regional growth is predicted to outclass other regions. (Bana, 2016, p. 53)

Of late, an economic boom has been witnessed by the majority of Asia-Pacific States. These states have implemented the policies of liberalizing their economies and integration of markets to international and regional economies. These policies resulted into an unparalleled escalation in trade both for finished goods and other raw materials. However, while implementing the policies to accelerate the domestic trade, their communication networks are found to be insufficient. To coup up and overcome this insufficiency in communication networks, regional states have already increased their trading activities through sea so that it could help their economic exuberance. Their main focus is to ensure the safe passage of energy to increase their capacity as well as easy access for their products to markets and raw materials. Therefore, the embellished economic assiduity in Asia-Pacific is factually depended on sea trade. (EAPE Update, 2017, p. 15)

The economic activities of regional states along with the sea trading are boasted through the hard punches of collective and individual hidden energies. Therefore, private sector is very active and has been manifesting through their lofty mechanism in Asia-Pacific. Moreover, keeping in view the significance of private sector, it is predicted that this sector would also have a key role in controlling environmental issues in future. There is a huge scope for all of the parties including the govt and private sectors in eradicating environmental degradation. In this direction, the regional govts privatize various organs and its services of the govts connected to the public sector, therefore these are directly incorporated in the social and economic uplifting. The political groups and private organizations including NGOs had been equally playing their vital roles to improve the environmental upgradation. Along with environmental issues, there are other issues pertaining to population displacement deprived of basic necessities in various parts of the region. Regional govts are facing problems while handling the displacement issues, therefore NGOs have been doing smart job both for poverty elevation and to ensure the basic needs of the people. (Friedberg, 2012, p. 71)

3.3 Geo-Strategic Significance of Asia-Pacific:

Asia-Pacific has the criticality of positioning a large space in the oceans. This oceanic space has translated its importance in spheres of politics, economics and security of the region. Maritime space is highly significance because these spaces are the assemblage of huge population, chokepoints, developing economies, impugned spaces

and plentiful resources therefore its importance is evaluated in geo-strategic, geo-economic and geo-political senses. (Kaplan, 2011, p. 45) In addition, Asia-Pacific possesses a number of waterways including some of the important straits of the world, through which international trade is conducted. All trading activities could be easily checked through these important chokepoints. Any interruption in the flow of energy through these Sea Lanes of Communication will have negative meanings for states, because seas are the lifelines for them. (Kang, 2003, p. 43)

In the prevailing geopolitical monologue today, Asia-Pacific has transpired as the main hub. Carrying along this diversity, a variation in scope is prevailing in the vast areas of the Oceans. (Pemberton, 2017, p. 46) Asia-Pacific region stretches in the vast areas to include from Eastern Africa to Central and Western Pacific including Australia and Japan. The concept of Asia-Pacific has echoed through the renewed palpabilities, coloured with economic progression, supremacy of US, a revitalized Japan and rise of China. These factors signify the security connections and economic booming between Indian and Pacific Oceans, hence demanding to have one strategic system for the entire region. (Cordesman, 2014, p. 97)

A large volume of trade of Europe, Africa and Persian Gulf is being conducted through the waterways of Asia-Pacific. A military man analyses, “SLOC is an instrument of power and the surrounding geography becomes the pivot where forces should be deployed”. A politician thinks, “SLOC signifies the state of relations with other countries located along the sea route being traversed”, and statistician prioritizes,

“SLOC is just the short and most economically travelling distance between two destinations”. Correspondingly, SLOC security for multilateral synergism means an anticipation of incursion in the sovereignty of a country. Therefore, there is a dire need of having comprehensive strategy basing on national interests and related perceptions of affected states for security of sea lanes of communication to be framed accordingly.

(Biden, 2015, pp. 21-23)

Asia-Pacific has experienced extreme seaborne trading activities for last 600 years. There are sixty five per cent of the global proven reserves in Persian Gulf which makes it over half of global oil exports. (Kitano, 2011, p. 57) In future, the worldwide demand of oil is predicted to be increased manifold and this reality is crucial while taking into consideration the geo-strategic importance of Asia-Pacific. Due to misshape or any other interruption in the oil supplies, the national economies of states will be seriously affected and will lead to wide range of unemployment and inflation. Entire world including Southeast Asian nations, Pakistan, India, Japan, China, Europe, and US are heavily dependent on oil from Persian Gulf. The dependency could be judged from the fact that the US import of petroleum remained about 4.5623 million barrels per day from Persian Gulf, in 2016. (REO, 2017, pp. 34-37)

British being the hegemon of the region had established bases at Chokepoints and the key areas of Sea Lanes of Communication for approximately 200 years. However, in 1960s, the British Govt ordered to reduce the forces in the eastern parts of Suez. In the following years Asia-Pacific was developed into a prominent region to invite

international attention because of intra and inter states disputes in the neighbouring especially of Iraq and Iran war. (Ding, 2010, p. 59) To avoid any interruption in oil supply and to look after the aspects of instabilities, the superpowers had been deploying forces in Asia-Pacific. Soviet Union occupied Afghanistan under a strange decision, and this led to US Naval supremacy of Asia-Pacific. US by deploying forces could quickly react to any situation of threat and accessing to oil in the region. (Liru, 2012, p. 67-69) “In late 1980, US deployed its Rapid Deployment Joint Task Force (RDJTF) at Diego Garcia, later converted into full fledged strategic command and was named as Central Command (CENTCOM)”. During wars of Iraq and Afghanistan, US had been flying B 52 bombers from this base. (Khan, 2015, p. 45)

The geostrategic, geo-economic and geopolitical space signification of Asia-Pacific can be reasoned out as; **first**, all concerned states are concentrating more on sea and adhering to the oceanic aligned strategies, therefore amply evidencing that seas would maintain its vitality for the prosperity of their commerce, economies and security landscapes. This is manifested in the increasing political tensions, maritime disputes, maritime trade and all kinds of wherewithal being possessed. **Second**, the economic and strategic progression of region is advancing well specifically with the rise of some regional powers. Certainly, investment flows are more along with other important factors related to trade etc making Asia-Pacific a signified region to be evaluated in the areas of power dynamics and strategic relations. (Snedden, 2016, p. 67)

Finally, China being a military and economic power has made the regional states uneasy to inflame major power to ensnare in the region. Regional states consider that their strategic and political interests have been threatened through rise of China and its aggressive maritime posture. Indeed, the significance of the “Concept of Asia-Pacific and Indo-Pacific” is very much visible from the “US pivot to Asia”. (Australia’s Defence White Paper, 2013, p. 57) Due to the consistent need of energy of many Asians including China and Japan, Sea Lane of Communication (SLOCs) of the region have turned into a region of strategic significance therefore security of Chokepoints are extra ordinarily important. (Chatterjee & Singh, 2015, p. 34-50)

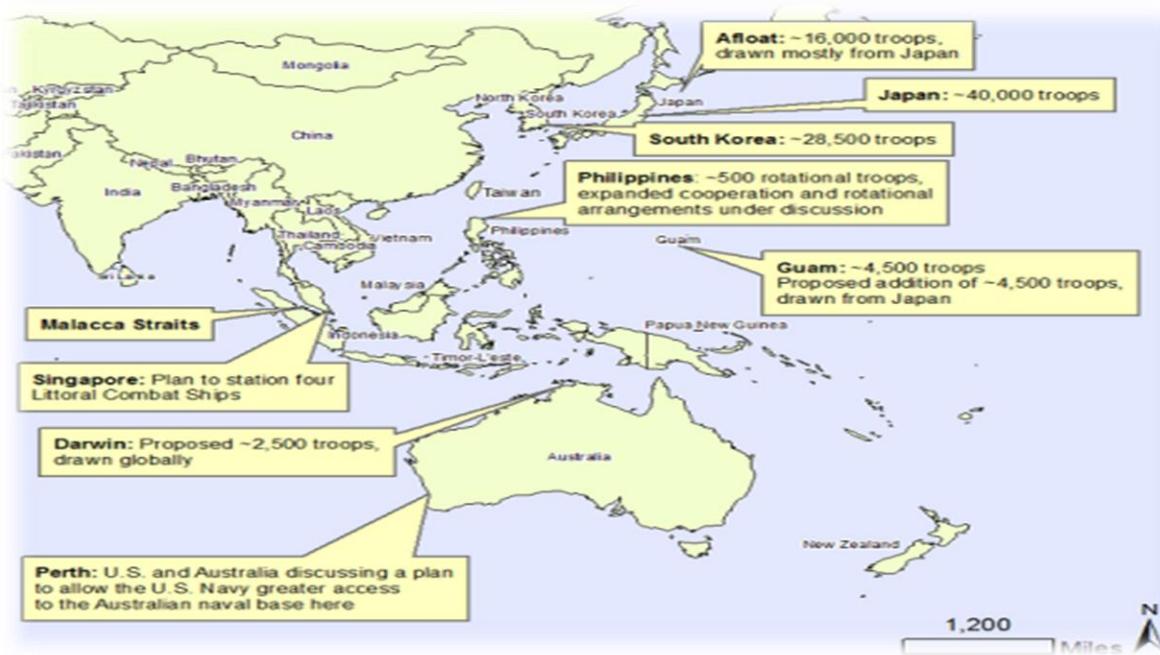
3.4 Geo-Politics in Asia-Pacific Region:

3.4.1 US’ Power Projection in the Region:

Asia-Pacific region will remain the pivot for US to project its military power. The main objective for US presence in the region is to maintain balance of power through acting as a balancer. US will maintain a forward displacement with the aim to project its power in the region. For the purpose, in addition to other deployment, US has been maintaining a force level of around 100,000 troops in Japan and South Korea only. Moreover, these deployments primarily mean to look after security requirements of Asia-Pacific including Persian Gulf and the East Asia. The policy of America is encompassing to take into account the Russian’s activism, Indonesian resurgence, the Japanese aggressiveness, rising China and India as an emerging economy. However, it is a known

fact that US aspirations are to develop equanimity among Indonesia, South Korea, Russia, India, Japan and China. (Bana, 2016, p. 67)

Map of US Military Deployment in Asia-Pacific



Source: <https://www.aljazeera.com/indepth/opinion>

The US deployments of forces in Asia-Pacific have aimed to project its hard power and to keep a check over the Chinese military built up. With exception to Guam, US does not have any sovereign rights in the Western Pacific Ocean. Therefore, US has to maintain good relations with all its strategic allies for the durability of their defence partnerships. In this connection, Australia, South Korea and Japan are the strategic partners of US in the region. In addition to the deployment of troops, US also maintains

various levels of cooperation with the regional countries like Singapore, Thailand and Philippines. Philippines is the focal of US policy in which both sides have agreed upon for establishing US base inside Philippines through Mutual Defence Treaty. (Pemberton, 2017, p. 68)

3.4.2 Maintenance of Secured Sea Lanes of Communication:

The maintenance of Secured Sea Lanes of Communication is one of the core interests of US in the region. These Lanes of Communication are to connect US and other states of the world with its major allies both in Pacific and Indian Oceans. Scholar Teo argues, “The control of Sea-lanes is strategically significant for US in maintaining a bargaining position, in simplest term, whoever controls the Straits of Malacca, will threaten all the shipments especially the Chinese oil supply route.” To substantiate, “The open navigation of waterways is in greater economic interest of the US, as in case of blocking, the alternate route that passes through is Torres Strait, situated between Papua New Guinea and Australia, will entail far longer transit time.” (Farooq & Javed, 2018, p. 35)

In number game, Asia-Pacific plays a pivotal role in bridging the gap between US and its allies. Purely from the military point of importance, it will take very short time to reach Europe, Persian Gulf, Indian and Pacific Oceans, Red Sea, East Asia and Japan. It is also equally important for US to ensure the supply of oil to its allies to include Japan, South Korea, and other East Asian allies. While addressing the maritime terrorism and

pirate threats Singapore, Indonesia and Malaysia differ with US for cooperation. Notwithstanding, Singapore is heavily dependent on seaborne trade and will need the foreign help from Japan and US. However, Malaysia and Indonesia are strongly opposing any help of external power in the region. (Chatterjee & Singh, 2015, p. 66)

3.4.3 The Chinese Syndrome:

The Chinese economic progression has given upper edge to China to get access to natural resources and international markets worldwide therefore, the strength of China lies in its development and growing economy. At the moment, China is maintaining its strategy to make regional states aligned to its policy mainly of friendship and cooperation. With the passage of time, China has become a largest trader and recipient of FDI. In addition, China is the only country which holds largest foreign exchange reserves. It is natural that with this growing economy, China will aspire to advance its standing armed forces to lead the country in the world. The US efforts to contain China through strategic alliances and partnerships to include Japan, Australia and India have endangered the regional stability. With alliances, US additional deployments and maintenance of naval bases in the region have threatened the Chinese interests, therefore to safeguard its long terms interests in the region, China has to be on lookout to counter such designs. However, the consistent US military assistance of its allies and its support to littoral states are posing dangerous security situation in the region. (Buttonwood, 2017, pp. 45-48)

At the moment, it will be difficult for China to go balancing against US, mainly because of its compelling principle on Chinese Security Policy. China has been maintaining the policy to be stronger first because major powers would be then more accommodative towards China. In addition, it has never been a policy of China to confront US straightway during its “unipolar moment” of unequalled power exempting where there was no way out. Chinese has been persistently working for a prosperous, a stable and a peaceful world. On the other hand, the military strategists of China have regularly warned the Chinese leadership not to satiate any over ambitious arms race with US that could thwart its economic progression and modernising mechanism. (Hanze, 2017, p. 59)

In addition, China has been focussing on economic progression, peace and stability therefore Chinese are willingly avoiding the policies of confrontation with its neighbours. (Montaperto, 2005, p. 23) However, any reversal in economic policies will block the growth of Chinese export, increase the discontentment in rural areas and deepen the unemployment ratio in urban. Further poor economic performance will be challenging for the top Chinese leadership and will result into confronting the authority of communist rule. On the other hand, during the election campaign, Mr Donald Trump while downplaying the importance of military alliances has communicated his willingness to reduce the US presence in the world. Analysts argue, if the reduction is materialized, Americans will be playing in the hands of Chinese who see military alliances as an antique of Cold War era. (Bagchi, 2017, p. 12)

Currently, it is not possible for the US to contain the rise of China because of the transfer of capital, knowledge and technology. The 2005 financial crisis should be considered as enough to give a realization to US that for the hegemony, US would need to take back their resources and energies. It is argued, “In the prism of Liberalism, the Asia Century could be more harmonious due to the economic interdependence of states including those who are heavily dependent on the China and US-China economic relations.” (Zeng & Breslin 2016, pp. 773–794) The change in the international power structure is hinting on multi-polarity in the coming days. Therefore the multilateralism in shape of “Shanghai Cooperation, China-Japan-South Korea, ASEAN regional forum, the East Asia Summit and ASEAN+3” will bring integration and harmony in the region. (Swaine, 2018, pp. 8-9)

3.4.4 The Asia-Pacific Regional Imbalances:

South China Sea has remained as a source of disputes, instabilities and conflicts. In East Asia, Spratly and the Paracel Islands are part of the largest impugned archipelagos. These islands are very rich in natural resources to include gas and oil resources. Politically and strategically, these islands are highly significant for the territorial space and plentiful of marine resources. South China Sea has been claimed by China as its “historical waters” that is contravening to the interests of US. In this regard, US has its traditional emphasis on rights of navigational freedom. It is seemingly part of Chinese strategy of “Area denial and access denial” to keep US troops far off while

operating unchallenged in this Sea. In fact the ground reality is that China has transformed its Navy from “sea denial” to ‘sea controlling force’. Therefore, South China Sea will play to turn into the hub of “new Great Game between the two states”. (Sultan, 2013, p. 17)

In 2010, to get back Sino-US relationship on track, Mr James Steinberg ex Deputy State Secretary and Mr Jeffrey Bader ex Senior Director for Asian Affairs had visited China. From the outcome of the meeting, it was revealed that Chinese leadership had declared the disputes in South China Sea as her core interest. US had considered the declaration as dangerous for regional peace as inclusion of South China Sea Dispute in China’s core interest was having devastating consequences. Nonetheless, in May 2010, China’s leadership highlighted the issue straight to Mrs Clinton during the 2nd Sino-US Strategic and Economic Dialogue at Beijing. Mrs Clinton repudiated it completely and stated that they wouldn’t accept the dispute to be part of core interests of China. (Buttonwood, 2017, p. 51)

The whitepaper, Chinese Peaceful Development 2011, reflects the interests of Chinese; “1) state sovereignty, 2) national security, 3) territorial integrity, 4) national reunification, 5) China’s political system established by the Constitution and overall social stability, 6) basic safeguards for ensuring sustainable economic and social development”. Currently, Chinese disputes in the close vicinities like East and South China seas with other states like Philippines and Japan claims at maritime territory and islands demarcation implicate, “state sovereignty”, “national security” and “territorial

integrity”. Internationally, it is claimed that resolving these particular disputes through diplomatic and peaceful means would serve territorial integrity, national security, and state sovereignty. (Zhaokui, 2014, p. 42)

Americans have been usually castigated by Chinese for “meddling in the area and they have difficulties to understand as to why US takes a stand on the issues”. Chinese knew that Americans had been creating troubles for Chinese to prevent them to rise as a great power. Therefore, Chinese made a policy that US should pull out of South China Sea and then to leave western Pacific. If this works, then this will provide US to transcribe a working plan with China to eliminate the probability of conflict between the two countries. Many will insist for an accord between the two largest economies to resolve all the international issues because US has already overstretched its forces and now the US should think to return to their “offshore position”. On the other hand, Mr Donald J. Trump, the US President, visited Asia, during his twelve days trip. Mr Trump made stops at Philippines, Vietnam, China, South Korea and Japan who could only focus on North Korea and international trade. (Delaney, 2018, pp. 43-45)

On South China Sea issues, Mr Trump gave mix signal to be mediated. Mr Trump did not only attend the bilateral summits during each of his stop in these countries but presented US in the multilateral APEC meetings in US-ASEAN Summit in the Philippines and Vietnam. In his stop in East Asia, Mr Trump made some superficial and sketchy statements on the disputes of South China Sea. However, he renewed to advocate the fundamentals of navigational freedom. He stated that international law to be

respected and all issues be peaceful resolved. During the closed-door meeting between US and ASEAN, when the matter of South China Sea was embossed, Mr Trump responded for a need of fair trade. After giving the grandiose and magniloquent statements, this milquetoast moves did not encourage confidence in allies and other friends to achieve US targets. In fact these statements are more confusing and served to further hollow the US concerns in Southeast Asia. (Buttonwood, 2017, p. 67)

3.4.5 The US New Bamboo Curtain Strategy Vis-a-Vis String of Pearls Strategy:

The Bamboo Curtain had been a strategy of erstwhile Cold War, “The Cold War political demarcation between the Communist States of East Asia, particularly China and the capitalists and non Communist states of the region, the Soviet Union, Vietnam, India, Japan, and Indonesia etc”. (Barber et al, 2011, pp. 1-38) In Korean Peninsula, under the term *Bamboo Curtain*, Demilitarized Zone of Korea turned into a symbol of regional division. The colourful caption “*Bamboo Curtain*” came into use from the term, “Iron Curtain”, being used largely in Europe in 20th century to indicate the borders of Communists. In China, during Cultural Revolution, China had placed, “sections of the *curtain* under a lock-down”, thereby to block any entry or exist from the boundaries of the country without proper permits. However, there were exemptions for the refugees going to Hong Kong which was a British colony. (Lumbers, 2005, p. 13)

On the other hand, “String of Pearls” the Chinese strategy, was the Chinese appearance as an emerging power, whose projection of power would range from one corner of Asia-Pacific to the other. Therefore, this strategy has challenged the US supremacy to control the Sea Lanes of Communication in Pacific Ocean. To counter this strategy, US pursued the containment of China through its new strategy, “New Bamboo Curtain”. In need, US will disrupt all the supplies including energy to China during their shipment especially through Strait of Malacca. (Buttonwood, 2017, p. 69) To counter the US strategy, China has been positioning itself in a series of ports starting from Persian Gulf till South China Sea including the construction of China-Myanmar pipeline, ports of Bangladesh, Sri Lanka and Pakistan. (Rinehart, 2015, p. 24)

3.4.6 Regional Allies versus US Power Play:

US established good relations with its allies through bilateral alliances since the period of Cold War. The alliance of US with Japan has proved to be the important foundation of its assignation in Asia-Pacific. Japan and US have mutual based interests in the region like energy security, climate change, containment of China, and nuclear non-proliferation. Along with maintaining military bases in Japan, US has been supplying Ballistic Missile Defence (BMD) System to Japan. Moreover, US has also established a network of alliances with regional states like Thailand, New Zealand, South Korea, Philippines, and Australia. (Hung, 2014, p. 30) Additionally, US has closely working relations with two emerging powers, Indonesia and India. On the other hand,

China is heavily dependent on supply of oil from Persian Gulf and Indonesia and India can help US to disrupt the Chinese supply during the transit because of their geographical locations in the region.

In addition, Indonesia and India house huge population i.e. 1/4th of the world's population who perpetuate the international economy to quite an extent. Moreover, US-India Strategic Partnership has created a very negative impingement towards South Asia. This partnership has excited the hegemonic designs of India and gravelled the path for carrying out adventurism. (Brooks & Wohlforth, 2016, pp. 23-30) In addition, US has established friendly relations with India for the purpose of containment and disruption of energy supply to China. Moreover, India is getting strategic advantage of this partnership by linking GWOT with the Kashmiri movement. Hence, India has been advancing this agenda of terrorism to get benefit in handling the Kashmir issue. This India-US partnership has tilted the power balance in the favour of India which would severely threaten the peace and stability of the region.

3.4.7 Non-Proliferation of Nuclear Weapons:

Nuclear proliferation is severely threatening the homeland security of US as well as hampering the regional peace and stability. On the other hand, US has involved in providing nuclear deterrence to South Korea and Japan. The world stands firm on the issue of nuclear proliferation but these are the major powers that violate the norms of Non-proliferation for their vested interests as they compromise all on international

matters where their national interests are hampered or harmed. (Allison, 2017, pp. 23-29) Notwithstanding, US is committed to multilateral negotiations with important states to dismantle their nuclear capabilities and enrichment programmes. However, Mona Dreicer and Arian Pregenzer (2014) argue, “In the US domestic environment, there are somehow ambiguities about the conceptual framework and practicability of arms control agreements.”

In cases, where America is absent from some international forum, threat perceptions are heightened and peace and stability are threatened. However, US’ engagement to help for resolving these issues as well as its institutions and regimes for arms control are uncertain. US policies are expected to be helpful to bear the burden of international non-proliferation policy. In some situations, US response to conflict situations may shape up the acquiring capability of nuclear weapons of others countries. US needs to support for peaceful resolution of conflict situation otherwise US may lose its credibility and integrity internationally. International proliferation policy may be evaluated for the continuation of US support in Asia-Pacific or otherwise. (Buttonwood, 2017, p. 37)

3.4.8 US - ASEAN Multilateralism:

Interdependence is strong instrument of International politics which can mould the entire spectrum of relations. This instrument has made easy access to the international markets all over the world by presenting unparalleled opportunities of trade,

investment and advance technologies. In this connection, US is promoting open markets and free trade to help US to control any economic crisis in Asia-Pacific. Free trade has already helped the East Asia to sustain the financial crisis of 2007- 2012. (Leviathan, 2014, pp. 83-85) In addition, US is supporting multilateralism all over the world especially in Asia-Pacific, to maintain economic connections through FTAs etc like FTAs of Australia and Singapore whereas the South Korean is in the same process. In Asia-Pacific, US is supporting and itself as part of multilateral organizations like “Asia Pacific Economic Cooperation (APEC)”. An effective multilateral organization is needed for regional integration and dealing with the economies of all regional states but interstate conflicts are the main hindrance to create organization on the pattern of European Union.

The “strategy of rebalancing” was inevitable, because “Association of South East Asian Nations (ASEAN) is an effective sub-regional organization of Asia Pacific.” (Mark Beeson, 2006, pp. 541 - 560) US maintained a manoeuvring space for Southeast Asia due to warm relations with Vietnam and India, a paradigm shift en route to Myanmar and 2,500 Marines deployment at Darwin, Australia. In addition, at Guam, which is a key strategic base has also been augmented by US. (Cordesman, 2014, p. 12) US regional policy was to connect through, “the foundation of the US alliances system and bilateral partnerships, a common regional economic and security agenda, result-oriented cooperation, enhancing flexibility and creativity of multilateral cooperation, and the principle that the Asia-Pacific’s defining institutions, in which all the stakeholders will be included.” (Yhome, 2017, p. 68)

To be alive to the situation, “the US has also set off a new US mission to ASEAN in Jakarta and signed the Treaty of Amity and Cooperation with Southeast Asia”. US in support of multilateralism, has been offering for conversion of all the regional economies as one. This has been planned to be under Transpacific Partnership (TPP) of Asia-Pacific Economic Cooperation Forum (APEC) comprises of Brunei, Vietnam, Singapore, Chile, and New Zealand. APEC is a regional forum which undertake its efforts to bring emerging economies together for promotion of investment and open trade for enhancing capacity building to promote regulatory regimes. The forum helps to increase exports and imports with regional countries, therefore many job opportunities would be created in the region as well as in America. (Zeng & Breslin, 2016, pp. 773–794)

3.4.9 ASEAN in China’s Grand Strategy:

Geographically, China is located in a region where fourteen countries are contiguous and another eight are its maritime neighbours. To satisfactorily know the Chinese environs, the geography should not be the only determining factor rather, culture, geopolitics, history should be considered to be the main determinants in shaping and reshaping its relations with neighbouring countries. Correspondingly staid thoughtfulness should be given to the loud-mouthed state interests while evolving their heightened co-dependent geopolitical, social, and economic relations. China has been confronting the neighbouring region of Southeast Asia with which it is linked through South China Sea and Land. In this regard, while dealing with ASEAN, China has been

passing through the dilemma of policy makings, because it involves two tracks relations in shaping bilateralism and multilateralism. (Shen, 2012, pp. 34-67)

China believe that bilateral relations are too complex for policy orientations therefore they prioritize to give preference in developing multilateral relations available in shape of ASEAN. However, this multilateral approach gives birth to a complicated environ in which the regional territorial disputes become amalgam hence the ASEAN relations are undermined greatly accordingly. On the other hand, the ASEAN states consider the US involvement is the only way in safeguarding their national interests making the situation more complex. Though, through the concept of Asia-Pacific, US legitimized its involvement in the regional affairs but China considers US as extra regional power hence its involvement is not taken positively. Neighbours are permanent and cannot be gotten changed therefore China and its neighbours unmistakably share mutual interests in maintaining friendly and working relations for regional peace and stability. Notwithstanding, in cases when the relations among nations are not given due focus then everyone suffers. (Shambaugh, ed., 2005, p. 41)

China as a rising power will obviously enlarge its national interests and will exercise its area of influence, which may result into question marks on the Chinese asserted goals of preferring a passage of amiability with other states. In this regard, while seeing the assertiveness in China's stance the neighbouring countries are more suspicious. A number of Chinese neighbouring states agonize on the possible Chinese hegemonic desires as it is enthusing to lead the affairs of the region. Similarly, the

situation in South China Sea is not very encouraging for both China and ASEAN to have friendly environment. The persistency of such situation may lead to an open disagreement and can get out of control leading to more divergence. This was one of the reasons which compelled to implement the US' rebalancing strategy of Asia-Pacific. (Almond, 2017, pp. 220-231)

Mr Donald Trump, has not sheered words for consolation of the disputant states, that the US would continue its forward deployment, or would not lessen the US' engagement in the region including South China Sea and East Asia. (Denyer, 2017, p. 64) Territorial issues amongst states can never be settled through coercive means because for longer these intensify revulsions. It is argued, "Traditional Chinese culture adores peace and harmony, commends 'defusing' tensions, and pursues reconciliation." (Yunling & Yuzhu, 2018, pp. 32-43) History of China reveals that mostly China was forced to fight battles when these were imposed on them hence Chinese were to fight them out as their defensive battles. Now, China is a powerful country but the strategy should not be to challenge every one rather now it is time for China to demonstrate its 'culture of harmony' in the world. It is well explained, "The Chinese leader, Xi Jinping, has recently called for the building of a community of shared interests and common destiny' amongst China and its neighbours based on the new guiding principles of amity, sincerity, mutual benefit, and inclusiveness." (Liu, 2014, p. 3)

Indubitably, how to actually understand the commune hallucination will surmise the resolve and astuteness of the rising China and its neighbouring states. Though it is

tough when it comes to bear losses but pulsating nations never allow forgetting the sacrifices of friendly states. The practicalities of regional collaboration have grown resulted into a multifaceted configuration assorting from the bilateral intensification to regional. In this regard, various platforms are; “ASEAN+1, ASEAN+3 (ASEAN+3 Macroeconomic Research Office [AMRO]), ASEAN+6 (Regional Comprehensive Economic Partnership [RCEP]), and the East Asia Summit.” (Zhu, 2017, pp. 48-54) The cooperation process at regional level facilitates in building collective interests and cultivates a commune character. China has been demonstrating its role in encouraging cooperation at regional level that evidencing the very style and behaviour of rising China for commune character rather than a so-called “Middle Kingdom order” that it can govern. (Baviera, 2017, pp. 31-56)

3.5 The Unfolding of Asia-Pacific Regional Connections:

3.5.1 Northern Asia-Pacific Connections:

Asia-Pacific is commonly subdivided into four regions; North East Asia, South Asia, Southeast Asia, and Oceania. All the regions are comparatively peaceful but potentially resilient. Armed conflicts among nations are not very likely but these may occur accidentally or of miscalculations. Bilateral discussions were concluded between US and all Asia-Pacific countries after the involvement of regional organizations to improve their relations. On the other hand, Southeast Asian Nations consist of Vietnam, Thailand, Singapore, Philippines, Myanmar, Malaysia, Laos, Brunei, Indonesia and

Cambodia who all are open to catch the vehemence of US' foreign policy makers. Such attraction is due to their powerful entry in the ASEAN, economic organizations and their first-rate governance. (Zeng & Breslin, 2016, p. 422)

US has remained engaged in the region, “through mutual defence agreements with the Republic of the Philippines and Thailand”. Southeast Asia is famous for insurgency and internal unrest in different countries such as Myanmar, Thailand, Philippines and Indonesia. In spite of having regional and international involvement, the sadistic forms of violences based on religious or ethnic agendas have been occurring. This shows the weak spots in the fragility of security in the wake of trans-national threats. On the other hand, this region is having high holding because of the availability of natural resources and its economic potentials to be exploited.

The Oceania comprises of New Zealand, Australia, and the territories of developing Pacific nations, and Polynesia, Melanesia, Micronesia (freely associated states). The region has contained natural geologic oceanographic resources. (Sultan, 2013, p. 67) The US has been administering its interests in this region through Australia, New Zealand and few of island territories. There are several regional forums in Oceania that crumbled but with the passage of time, these would be able to address regional security concerns; “Melanesian Spearhead Group, Secretariat of the Pacific Community and Pacific Islands Forum”. The culture of the area is promosing for cooperation on all issues and hospitality is carried along on a “Pacific Way”.

3.5.2 Central Asia-Pacific Connections:

Central Pacific or Northeast Asia consists of big economies including Republic of Korea, Japan and China and the emerging economies North Korea, Taiwan, Mongolia and Russia. The region is significant not due to three of the four biggest economies of the world rather there are conflict zones where regional powers remained involved. Towards this end, North Korea has been considered to be the main source of instability in the region. There are other regional disputes where the potential threats of military actions are imminent. (Lamothe, 2016, p. 37) This region has not framed any regional organization to manage the regional disputes or economic progression. The cry of the days is that all regional states should encourage of integrating and cooperation of economies so that some steps are taken towards regional stability. Careful application of elements of national power is needed in those regions where there are issues of peace and stability.

South Korea and Japan have remained uneasy due to the North Korean pendulum. Mr Trump has made public about North Korea, “all options are on the table” for taking action so that it should end “era of strategic patience”. There are many factors leading to possibilities of military action like, “US military build-up on its Asian bases, the deployment of Terminal High Altitude Area Defence System across the Korean borders.” (ISDP, 2017, p. 8) Chinese anxiety increased due to deployment of US military, similarly, US frustration increased due Chinese inability to positively pursue the North

Korean leadership. The US frustration will result into build up with compelling consequences for the regional states especially China. Much of the things will usually happen in sequence like “the emergence of One Korea”, as result of chain reaction that may occur if North Korea does not care for the international norms. (Zhaokui, 2014, p. 40)

Of late, the existing security arrangements have been affected by two important events in the region; the abandonment of the Trans-Pacific Partnership by Mr Trump of US and initiation of One Belt and One Road (OBOR) by Mr Xi Jinping of China. As usual the regional countries re-orientated their policies towards the policies of two giants. On one hand, there are vague commitments of US to its traditional allies but on the other hand, there are encouraging gestures from China with billions of offers for improving of infrastructure, have the chances to muddle the Asian order. (Hung, 2014, p. 58) “Trump’s America First Policy and Xi’s Policy of deep pockets for China’s neighbours have already made several US loyalists to recalibrate their alliances”. In spite of standoff on Scarborough Shoals and a number of disputes, a flagrante change has been initiated by Mr Rodrigo Duterte, the President of Philippines. Mr Duterte has shunned the world by signing bilateral agreements with China.

Fifty years ago, there were two main factors behind the formation of ASEAN; **first**, to go for economic progression through trading among regional states, and **second**, to make an alliance for countering communism led by China and ex USSR. Now USSR along with its ideology is no more exist, whereas China is not exporting the communist

ideology, but working on expansion of trade. The impending question is, “Will economic gains create sticky-enough glue to hold countries in the bloc together as they march unchartered territories, and respond to a surging China and a waning and unsure US?” To avoid standing in the Sino-US row for power play, ASEAN should plan their Defence Agreement to attain peace and stability in the region. (Hookway, 2014, p. 69)

Despite the entanglement in the region, US is strong enough to be anchored near the disputed island in South China Sea. In addition, US is also planning to increase the navel troops to 350 vessels. “ASEAN leaders cannot defer the geopolitical realities and the implications for the bloc’s ability to remain united over the next 50 years in the fast-changing security dynamics of the region”. (Intal, 2017, pp. 37-76) Mr Kim Jong, President of North Korea has been testing contineuously more missiles than his predecessors. He tested sixteen missiles during the ten tests being conducted in 2017 with ultimate aim to produce a long range missile carrying nuclear warheads and capable enough to reach US. (Swaine, 2018, pp. 21-26)

3.5.3 Southern Asia-Pacific Connections:

South Asia occupies 3.4 percent of global land and houses about 24 percent of population making around 1.75 billion, out of which it is the home of largest Muslim population. South Asia consists of India, Sri Lanka, Bangladesh, Maldives, Nepal, Bhutan, Afghanistan and Pakistan. With such large population and booming economies still South Asia is facing complicated security issues due to the internal disputes. For the

same very reason the nations of South Asia don't aspire for cooperation under regional organization SAARC. It can effectively revitalize to address their security concerns in the region. (Hussain, 2017, p. 60) South Asia and Southeast Asia are two different regions in Asia but sometime it is erroneously mixed up with Southeast Asia. Indian subcontinent has the famous geographical landmark to segregate the two otherwise there is no other surface feature which could help in defining the borders of South Asia. (Bana, 2016, p. 56)

Regional cooperation has been undermined by the rivalries of the two neighbours Pakistan and India. Politically, there is tinny hope to reach for the settlement on Kashmir and other border disputes between Pakistan and India. The situation has taken a reverse turn when freedom fighters attacked the Indian post at Pathankot. Therefore, South Asia will continue to be the least integrated region in relation to trade and other such activities. At the moment, trade being conducted between India and Pakistan is not even reaching to five percent. It will be an irony if both of them who possessed nuclear arms trigger their nuclear option against each other due some miscalculation that will have catastrophic results for the entire region. (Buttonwood, 2017, p. 48)

While comparing with ASEAN, SAARC is practically an ineffective organization. Antagonism between India and Pakistan has been hampering all initiatives at regional and sub-regional levels like an initiative such as OBOR or BCIM etc. On the other hand, the deadlock among Bhutan, India, and China began as India is sensitive to China building up; "notwithstanding, Doklam Plateau was not the Indian Territory but

Bhutan's assertion might have been promoted by India because of its significance to India." The non-existence or negligibility of relations between Pakistan and India including trade and other economic activities has deprived the entire region from any profitability. The shift in relations from traditional friends to unorthodox friends between India and Pakistan is on offing which reflects the changing dynamism of power play.

(Delaney, 2018, p. 10-13)

3.6 Conclusion:

Asia-Pacific is strategically located at a junction of Europe, Middle East, East Asia and North America. It comprises of world's six largest ports and six vital SLOCs including South China Sea, Lombok, Makassar, Ombai - Wetar, Malacca and Sunda. Strait of Malacca is the most important seafaring chokepoint with over 600 vessels passing each day. The amazing chemistry of demography, the significant functions of the states and the recent economic development are enchanting Asia-Pacific on frontward. East and Southeast Asia with 1/3 of the world population who produce one-fourth of world products is located in Asia-Pacific. Strategically, covering 22 percent of world land, Asia-Pacific is one of the important and eloquent regions, comprises three well Developed Economic Powers of the World i.e. China, Japan and US. After confirming the importance of the region, it is the call of the day to harmonize the activities for the whole region instead to fight for petty vested interests.

CHAPTER - 4

SINO-US STRATEGIC INTERESTS IN ASIA-PACIFIC

4.1 Introduction:

China and US have been in a state of strategic competition since long in Asia-Pacific. Both the nations have core concerns which they believe are threatened by deliberate conflicting activities on part of one another. This competition has manifested itself in various forms, like direct engagement with each other or through the disputes of regional countries. How the US and China interact with each other, has been determined primarily by the US' Asia-Pacific re-engagement and China's rise. An understanding of the dynamics of the later is crucial to know the US regional activities and the responses from the Chinese neighbours. Historically, the rise of great powers have always been tailgated by conflict, as the emerging power expands and exercises its political influence, undertakes security measures and conducts economic activities for the purpose of enhancing strategic leverage. However, the direction and magnitude of conflict are determined by the reaction of other states to the emergence and their response strategies.

China has been keen to avoid the traditional pitfalls in external perceptions and responses that mark the onset of a great power's arrival. The country's leaders have consistently insisted on 'China's benign rise', eschewing, early on, even the reference to

a ‘rise’ itself. In Beijing, China International Friendship Conference was organized by Chinese Peoples Association for Friendship with Foreign Countries in May 2014, in which, President Xi, in what is now traditional form on part of Chinese leadership, reiterated that China would adhere to the path of peaceful rise and would not pursue hegemony. (China Daily, 2014, p. 6) This insistence, however, has been largely viewed with equal amounts of skepticism and suspicion. China’s neighbours, in particular, have strongly rejected the argument of a benign ascendance; they have been looking towards extra-regional balancing options as they believe that this option is offering a safety umbrella against the threat they perceive from China. (Dean, 2014, p. 29)

4.2 US’ Strategic Objectives in Asia-Pacific Region:

While the Trump administration is still in its early stages of governing, it would be too early to dig out the answers of tough questions about the direction, like the US is taking (or not taking) towards key regions such as the Asia-Pacific. Will the new president and his team continue to build on the Obama administration’s effort to focus economic, diplomatic and military resources towards the region, or will they opt for a different path? In spite of some signals of reassurance from the Trump team, the answer to this question is unknown, which in turn raises many more questions. Some pertinent other questions need answering are; how the US’ future engagement will be defined in the Asia-Pacific? What would be the roles of allies such as Japan, South Korea and Australia? And how persistent security challenges will affect the US alliance system?

(Babones, 2018, pp. 45-68)

Mr Donald Trump has questioned the value of alliances with Japan, South Korea and Australia. Prior to becoming president, he threatened economic warfare with China and challenged long-standing diplomatic understandings between Washington and Beijing. On his first full day in office, Mr Donald Trump President of US has withdrawn his country from the TPP trade deal in one eighty degree turn to what was planned previously by Mr Obama. This withdrawal is the main turbulence to long term leadership of US in the Asia-Pacific. Bates Gill (2017) argues, “From a broader perspective, calls for America first and economic nationalism are at odds with former president Barack Obama’s previous efforts to engage the region.” Through these surprise moves, President Trump has already sown the seeds of suspicions about the direction of future US’ engagement in the region. (Saxena, 2017, p. 29)

In post-Cold War era, Sino-US relations have been constantly troubled by three main factors; regional security, violation of human rights and international trade. Security controversies emerged in 1990s, seem to be the significant factor stirring the entire length and breadth of relations between the two states. China and US deviate on application of practices to the issues of security due to the diversification in international experiences, views, perceptions, and capabilities. However, at some point of time, US and Chinese security interests intermittently coincide and deviate. Interestingly, US speculates China as a lurking rival, therefore, this deviation in interests is more pronounced. It can be easily made out that both China and US would aggressively follow

their interests related to security in the region. However, they have to habituate to the altering security, economic and political landscapes of the region. (Schoff, 2016, p. 79)

Before 9/11, the strategy of US was delineated to accomplish three main objectives in the region; **first**, to maintain balance of power, **second**, to safeguard the US economic interests, **third**, to prevail human rights and democratic values etc. However, after 9/11, US has added two more objectives in its policy; **first**, to eliminate terrorist organizations and **second**, to curb the nuclear proliferation. (Hookway, 2014, p. 53) Due to heavy militarization in the region, the stakes are now very high because one can find the drumming of war any time. Though the maritime claims are not related to be part of US' strategy but the same could be attributed to the containment policy against China. India may like to play aggressive role to counter the rise of China by proceeding with the footprints of US. To strengthen the idea, a joint naval exercise was conducted by India and Japan hoping to help in getting a status of global power. Strategic Partnership is already in place between India and US, based on shared interests for concerns and democratic values. (Australia's Defence White Paper, 2013, p. 39)

Rise of China may be one of the causes for establishing strategic relations between India and US. As such, India and US have mutual strategic security and economic interests as former wants to get the US' support to become permanent member of UNSC. (Moon, 2012, pp. 6-10) On the other hand, the rivalry will not offset the existing situation to some extent. However, hot words will continue to be kept exchanging for realizing the statuses and claims among nations in the region. On the

other hand, the Malacca Strait is the busiest waterway to play its role for controlling almost all trade of the world. All the affected states have their stakes in this zone, therefore US will never desire to turn this zone into conflict zone. A competition of low level between Sino-US and US supply of military equipment will continue to the region, especially to Vietnam, Philippines and Singapore. The situation dictates that regional states remain considered and balanced in their dealings with both China and US and its allies. (Diaolla, 2014, p. 78)

4.3 Chinese Foreign Policy about Asia-Pacific:

4.3.1 Chinese Foreign Policy in Post Cold War Era:

In 1989, due to Tiananmen Square incident, most of the states of the world imposed sanctions against China to commemorate with the Chinese students' uprising. To break this isolation, China implemented various measures, initially aimed at recuperating capitals diplomatically and consequently stabilizing its peripheries. (Erickson & Collins, 2010, pp. 89-111) Zhiqun Zhu broadly categorizes the subsequent years to date, as various eras of Chinese diplomacy as public diplomacy, great power diplomacy, good neighbour diplomacy and energy diplomacy. (Zhu, 2010, pp. 34-40) The Chinese govt engaged in a series of measures designed to improve its international image and enhance its security and economic interests. (Spykman, 2011, pp. 18-27)

In 1990, China took the initiative to strengthen bilateral relations with regional

states through the platform of ASEAN, therefore, premier Li conducted a number of visits to ASEAN states. (Colin, 2013, pp. 24–32) Consequent to these activities, there was a gradual normalization of diplomatic relations with Indonesia, Singapore, Brunei and Vietnam. In addition, in the following years China adopted a number of conciliatory measures on contentious regional issues, which demonstrates not only its flexibility but also its willingness to submit individual gain to the broader regional interest; these actions included giving leeway on the Spratly Islands dispute and in its relationship with Taiwan. China availed the opportunity of Soviet Union's disintegration to reach across on official channels to the new independent republics immediately on their emergence. (Zhao, 2014, p. 79)

During this period, Chinese foreign policy remained focused as, **one**, a number of high level visits were conducted by then President Jiang Zemin to meet leaders of some of the most powerful states. In 1999, President Zemin visited a number of countries, including Portugal and France whereas the visits to UK and Saudi Arabia were the first ever visits being conducted by any Chinese head of state. The visits concluded with number of agreements to establish and enhance cooperation in multifarious fields. (Zhu, 2010, p. 30) During the same period, the Chinese leadership also conducted visits to a number of African and Latin American countries, prefacing to enhance cooperation and closer ties. **Second**, the Chinese diplomacy was made pertinent to be for the wellbeing and solidarity of neighbouring countries. China was carefully tailoring its image of solidarity with fellow developing countries, an idea it consistently fostered in order to, by

appearances, offset the notion of great power rise and the negative perceptions or concerns attached with the concept. (Dean, 2014, p. 78)

4.3.2 China's New Role in Global Affairs and World Response:

China began to demonstrate a clear shift from traditionally passive diplomacy and sought greater engagement in world affairs. During 1990s, China pursued a greater role in and closer involvement with multilateral institutions, engaging with Asia-Pacific Economic Forum and ASEAN, and was leading in the establishment of the Shanghai Cooperation Organization. Chinese were making advances on diplomatic front comparing with the previous decades. (Perlez, 2014, p. 45) Its proactive engagements are of North Korean nuclear talks, the Iranian nuclear issue and the Darfur crisis. With North Korea, China, had heretofore been playing role of strong ally, used its massive amplitude to bring North Korea on negotiation table. In this connection, Beijing did not only host the Six Party Talks, but continued to its commitment to arriving at a mutually acceptable peaceful settlement.

China has been doing much to come up to international expectations even in some unwanted cases of friendship, “especially in case of North Korea nuclear test in October 2006 - China supported UN Security Council Resolution 1718.” Then registering an unprecedented strong response to the North Korean nuclear tests conducted in February 2013 while summoning its ambassador from Pyongyang in order to lodge a protest. Curtailing energy supplies and implementing new trade sanctions and publicly calling for

North Korea to pursue de-nuclearisation policy during President Xi Jinping's meeting with President Obama in June 2013. All such actions have been done to encourage the international community that China had been of the strong opinion towards a measured, peaceful and productive approach to dealing with North Korea.

In the case of Iran, while China focused consistently on safeguarding its bilateral relations with Iran, however, it voted on a number of Security Council resolutions against Iran from 2006 to 2009 including, "Resolution 1696, Resolution 1737, Resolution 1747 and Resolution 1803." (International Crisis Group, 2010, p. 23) Though, China has been criticized for unadulterated support behind strict measures against Iran, however, these actions constituted a much greater acquiescence on part of the Chinese leadership towards curbing Iranian nuclear aspirations, than has been previously the norms in Beijing. In the Darfur conflict, triggered by the outbreak of armed clashes between the govt and rebel groups in 2003, China worked actively to mitigate the crisis, including working closely to coordinate between the Sudanese govt, international organizations including the UN, and various other stakeholders. (Aum, 2017, p. 18)

In July 2007, when China held the presidency of the Security Council, it was instrumental in passing Resolution 1769, whereby a contingent comprising of 26,000 peacekeepers from Africa and UN was deployed to subdue conflict in Western Darfur. By the end of 2006, China contributed US \$ 1.8 million to UN mission in Sudan and US \$ 500,000 towards mediation efforts of UN's special envoys by the beginning of 2008; helped spearhead efforts towards infrastructure re-building and development; and

donated millions of dollars worth of humanitarian and development assistance. In addition, it has consistently advocated the resolution of the crisis through dialogues and consultations. (UN Report, 2008, p. 10)

Chinese's efforts on proactive engagement on major issues received criticism from the international community including, states and organizations alike for citing lack of political will, lack of real concern, and conflicting interests. These criticisms betray a lack of empathy for China's position and at least some of the claims are hypocritical, when viewed against the fact that China, like any other state, has the right and duty to protect its national interests, even when this is in contradiction to popular world opinion or falls short of international expectations. This argument stands good and equally applies to critics on Chinese foreign policy; many argue that Chinese diplomacy is only reactive on world issues that have direct consequences to its territorial right and integrity, citing such examples as Taiwan, Tibet, Xinjiang, and the Diaoyu islands and other major and minor disputes in South China Sea etc. (Wong, 2014, p. 37)

4.3.3 Social Constructivism and Rise of China:

China views itself as an actor of significance and an identity of a re-emergent power. It draws on its millennia of history and civilization and believes in its role as an actor to reclaim its previous position. China also believes in its influence being held traditionally before being brutalized to collapse by Western imperialistic hands. The aspect of its self-identity, and the one which the Chinese leadership is always keen on

establishing and reiterating the Chinese role at world forum, is an image of a responsible, benevolent, morally upright and benign power. The concept of identity change in Alexander Wendt's theory of Social Constructivism, explains that China deems it necessary to emphasize and consolidate the concept of a benevolent and benign power, as an indisputable fact. (Blank, 2015, p. 56)

China wishes to act differently from the rising powers of the past, whose ascendancy onto the global stage, was accompanied by conflict and bloodshed, but characterized by imperialistic designs enacted through coercion and marked by self interests. The Chinese consider crucial that they should not be viewed as an entity with a hegemonic outlook, rather they should be seen as a nation seeking development and prosperity both for themselves and other nations; as a responsible contributor to peace and harmony; and as a country which still has a long path to tread before it can be considered to have achieved sufficient social prosperity necessary for a status of global power. (Birsel, 2018, p. 39) Such an image is reiterated consistently by the Chinese not only in words, constituted by speeches and statements by the leadership, but is also manifested in its foreign and domestic policies.

Former president Hu Jintao in his report to his party, in November 2012, accentuated that China was a developing country and had to move by before it could consider itself a prosperous and developed society. He emphasised important objectives to be achieved in coming days; the sustained and sound development of the economy, the improvement of democratic institutions and the expansion of democratic values among

the people, the strengthening of China's cultural power and the raising of living standards. In the aftermath, he invoked to promote a tenacious socialist culture based for invigorating the moral strength, the fundamental values and conventionalities, integrity, civility and unanimity which he cited as the significant beacons of prosperity, awakening and renewal of China. (Liang, 2012, p. 48)

China is aggrandizing democratic values like patriotism, equality, freedom, rule of law, justice, morality, family virtue, and professional ethics, while combining traditional Chinese values with modern norms and cultivation of self-respect and self-confidence among the Chinese people. He talked about modern time's education, creating more employment opportunities, developing a strong social security system and ensuring the provision of health care to all. (Dao, 2012, p. 12) Hu Jintao also included a part on the need for China to play its role in patronizing peace for mankind by saying, "we hail mutually for advocating trust, learning, inclusiveness, equality and cooperation in establishing relations with all nations to make collective efforts to ensure international honesty and fairness."

China will maintain to sway all out projection of cooperation for promoting through the banner of up keeping the world peace. This shows the Chinese's resolve to protect its territorial rights, sovereignty, integrity and its other core interests. It reiterates its determination to never yield to external pressure for a compromise, and emphasized the Five Principles of Peaceful Co-existence. These reports are essentially delivered at the Congress with a review of what has been done in the past and what must be done in

the future. Often replete with repetition and cliché, these reports constitute important policy texts as they mark down the broad policy parameters, both domestic and foreign, as well as fundamental goals that the CPC will adhere to following the change of leadership. (Wong, 2014, pp. 23-29)

4.4 Perceptions of US and China Vis-a-Vis their Core Interests in Asia-Pacific:

US views China as a strategic competitor for global influence at best, and an outright threat at the worst. Its policies would suggest that the latter view is the one that holds sway, whereby it has to act proactively to hedge China into a manageable position. After becoming a major power in the 20th century, US worked consistently and on multiple fronts to ensure that it remains the sole global power and the dominant actor in international politics. With this context, the US can rightly be expected to stay true to form and take pre-emptive measures to attempt and check China's ascendance. (Butler, 2014, p. 45) In foreign policy circuits, the traditional acumen gravitates to deal the pro-China and pro-US outlooks jointly. Asia-Pacific region is different in this case, because the role of China cannot be replaced with the role of US and vice versa.

Much of the people would be thinking to be friends of China and US simultaneously, whereas the remaining may think sceptically about them. As whole, the influence of both China and US may be fascinating and as well as congruent synchronously. In Asia-Pacific region, China and US have been granted the role as a

zero-sum for their strategic competition. (Perlez, 2014, p. 26) People in the region are desirous to have the presence of both major powers because China could barely resituate US as an eventual patron whereas US may not resituate China in the economic sphere. In cases of Taiwan, Mongolia, Vietnam, Cambodia and the Philippines, comparisons are not important however, correlations are important conclusions for countries like South Korea, Myanmar and Japan.

On the other hand, the decision of Mr Trump to withdraw from TPP will give a bad impression of American power potentials to the world. While linking such actions with the region, leaving initiatives like TPP will definitely reinforce the weak linkages. In this environment, if US build up to contain China, there would be no expectation that ASEAN countries except for Japan, would come forward to support the containment strategy. (Binder, 2017, pp. 3-6) In a situation when the interest level in the region of US is so degraded, none would come to support US for any reason. It can be broadly seen that regional states are dependent economically on China. Moreover, they acknowledge that China would stay in their neighbours permanently even if they support containment strategy. Neighbours are always neighbours and are available in the time of need. People of the region also believe that China would be either taking over as regional hegemon or would be playing as the most influential power of the region. One can easily understand as to why ASEAN states would proceed with their views against both China and US. (Hookway, 2014, p. 35)

4.4.1 US' Pivot and US' Current and Future Policies in the Region:

US' Pivot phenomenon first came under scrutiny when US made it public through a public announcement about rebalancing of its force structure to Asia-Pacific. Hillary Clinton, Former US Secretary of State, in November 2011, wrote an article titled, America's Pacific Century, in publication of US' Foreign Policy. It was a substantial piece of work that essentially explained the significance of the Asia-Pacific, defining the core American interests, and elaborating the salient of US current and future policy in the region. Laying out features of the rebalance policy and explaining the stimulant behind, she stated, "One of the most significant tasks of US' statecraft over the next decennium will be to environ a heavily increased investment in economic, diplomatic and strategic spheres in the Asia-Pacific region." (Tiezzi, 2014, pp. 78-82)

Strategically, it was critical for the international environment to maintain peace and security in Asia-Pacific. This policy also prevailed over Navigation Freedom in South China Sea, offsetting the North Korean's nuclear proliferation and to safeguard the military activities of key players in the region. US leadership has been desirous to bring changes corresponding to their regional interests for prevalence of US power as global leadership. In this connection, Ex President Obama had visited Australia, where, he addressed Australian parliament and announced the deployment of 2,500 US' Marines at Darwin. During his address, while seeking to dissuade the notion that this was aimed to be part of a containment strategy for China. He deluded about the baseless assumption

that US was scared of China. He also declared the notion untrue that US was looking to preclude China. (Wong, 2014, p. 42)

The practicability of the rebalancing strategy was observed in the succeeding months in which military exercises were conducted with the Philippines. Old alliances were strengthened and efforts were speeded up for new ones who were traditionally considered to be under Chinese influence. (Hookway, 2014, pp. 67-70) The Trans-Pacific Partnership was negotiated for immediate implementation in the middle of rebalancing strategy in the latest round of negotiations. Standing firm on the heels of all these developments, a Joint Operational Access Concept in 2012 was published. The concept properly defined joint forces operational strategies for inter-service collaboration like Air Sea Battle, Anti Access and Air Denial. The strategy explicitly explains that China was the only regional state having the capability to compete with US. (Aum, 2017, p. 18)

US was to be on guard about China due to the Chinese amplification of armed forces' modernization. Conjecturally, China would maintain to enhance its traditional armed forces capabilities, accentuating anti access and area denial resources to include building of space and information warfare and possessing long range strike capabilities. The perceptions of American strategic policy making elites are reflective who are of the view that rise of China would possess with a hegemonic mindset, therefore, they would attempt to work for Sino centric regional order. To counter such eventuality US conducted much of the activities in the areas like US deployed Marines at Australia,

projected deployment of troops in the Philippines, upgradation of airfield for surveillance aircraft in the Cocos Islands and expansion of the HMIS Stirling Naval Base in Perth. (Butler, 2014, p. 73)

In addition, the expansion in deployment of forces in Perth and Brisbane would enable US to manage the visits of US Aircraft Carriers, Warships and Submarines. Similarly in April 2014, to augment the existing tentacles, US and Philippines signed a ten year defence agreement for stationing military hardware in Philippines and as result of which high profile war games were concluded. In 2015, the US Department of Defence announced its decision to deploy 60 percent of its forces including Air and Naval forces in the Asia-Pacific. These troops would be armed with the most advanced equipment by the year 2020. The Quadrennial Defence 2014 encapsulates US strategic thinking and military posture towards the Asia-Pacific region. US has been giving practical shape to its aspirations as to how best they could retain their global leadership in the world especially in Asia-Pacific. In addition, they are enhancing their operationability by possessing A2/AD capability. This capability has been possessed by those nations who are termed to be in the advanced stages of fighting wars.

In addition, US will have to battle those who are trying to deny US the benefits of superiority in cyberspace. Concurrently, US continued its efforts to contribute in rebalancing to Asia-Pacific region by adopting to perpetuate peace and stability. These efforts were increasingly pivotal to the security, economic, and politics of the region. As per the expectations, available document lays much of the focus on the Asia-Pacific

region and those amply explain US collaborative engagement with regional countries including China. (Quadrennial Defence, 2014, p. 63) The US response, essentially, has focused on the strengthening and revitalizing of its defence partnerships through consolidating its defence posture in the region. This clear indicates how America perceives China and its counter mechanism in Asia-Pacific. Additionally, US involved India actively in what was largely believed to be the continuation of an effort to prop up India as a counterweight to China. The culmination of efforts in this mode was celebrated through the Trump's visit to India in 2017, followed by Mr Modi's visit in June 2017.

During his visit to US, Mr Modi was received a warm welcome, a stark change from previous US policy which had resulted in Modi denial a visa to the US in 2005 on his atrocious human rights record during his stay in power in Gujarat. (The Hindu, 2017, p. 4) Previously, Mr Obama's visit to India ended upon asking India to do more to improve human rights who asked them to protect girls and women by providing them better education and employment opportunities. Mr Obama also asked India to act responsibly on ecological issues while protecting the environment. The encouraging point for India was arguably to share their concerns on China during these visits. US administration discovered that the Indian govt's views on rise of China and its ramifications for the region, was aligned closely with US views. During these visits, it was reiterated by both sides to enhance maritime security and safeguard freedom of over flight. They also pointed out to restrain on use of force in dealing with issues of maritime

conflicts. (Time of India, 2017, p. 8)

4.4.2 Uniqueness in Great Powers Relations:

A unique form of relations among great powers as referred in translation of the Chinese phrase being observed through the pages of history. In this way, Chinese leadership has actively been promoting their relations through the platform of Sino-US betrothing. President Xi Jinping, in 2013, at Sunnylands, with ex President Obama describes the dimensions of their new idea; **one**, there would be no confrontation and will emphasise on dialogue on any issue related to strategic interests of each others, **two**, mutual respect in cases of major interests and core concerns, **third**, joint cooperation while abandoning the mentality of zero sum game and to advance in the areas of mutual interest. China is underlining the necessity of not allowing conflicting interests to escalate to the level of hostility. (Perlez, 2014, p. 76)

Notwithstanding, such strategy is precluded by the China's uncompromising stance on respecting mutual territorial rights and integrity. China is adhering to its non-interference policy and highlighting the need for the two countries to work together for mutual and regional benefit hence opposes to work against each other. China wishes to create a platform better suited to its status as an emerging power which should not work parallel to US' interests. (Butler, 2014, p. 51) This would be a mutually accepted nod for the Chinese changed status while allowing or eluding in the 'Thucydides trap'. The idea was also emphasized by the Chinese throughout in "US-China Strategic and Economic

Dialogue held in July 2013”, however, US continued to show hesitancy in demonstrating its support.

Purely from US point of view, the proposed platform would be difficult for endorsement. How US would turn a blind eyes on issues of Western perceptions on Chinese human rights violations in Xinjiang and Tibet and Chinese military modernization and expansion. Then the most critical would be the interpretation to have tight lips over the US acquiescing to China’s stance on its territorial disputes with its neighbours. The acceptance of Chinese stance on territorial disputes would place US in very awkward position to question its commitment to its allies in the region. (China Daily, 2014, p. 10) The American political elite remains largely skeptical of Chinese intentions and holds fast to what critics have called its Cold War mentality.

It is worth mentioning that a number of Chinese neighbours, happened to be American allies, emboldened the US rebalancing as moment to bring in front the ongoing territorial disputes with China, especially the Diaoyu islands dispute with Japan, and the Scarborough Shoal standoff with the Philippines. Despite continued insistence, the US has been working effectively on containment strategy. US has been also pursuing to establish a solid framework within which China has to work. Most of the regional states are of the view that China is a direct threat to their interests and they can only balance themselves against China to align with the US. They believe that the aligning strategy with US could survive them at the best and safeguard territorial interests in their favours. (Quadrennial Defence, 2014, pp. 14-19)

4.4.3 Convergence and Divergence of US and China's Strategic Interests:

The US and China have both diverging and converging interests in Asia-Pacific region. Their interaction on the various areas, at different times, has been marked with heated exchanges, words of denouncement, calls for respecting territorial integrity, calls for acting as a responsible power, allegations of containment, allegations of expansionist tendencies, suspicions, distrusts, irritabilities and occasional instances of cooperative engagement. US President Mr Trump has been mainly focussing on two points relating to China; the issue of North Korea and bilateral trade. Jaffrey A. Bader, David Dollar and Ryan Hass (2017) argue, “While it has secured Chinese buy-in for a new diplomatic framework for dialogue, the US administration does not appear to have settled on an overarching China strategy.” Till date, no article or speech on China or Asia has been publically made by any senior official or diplomat with an exception of speech of Mr Mattis, the Defence Secretary in Singapore on purely military issues of the region. (Hass, 2017, p. 76)

Confusion in dealing will prevail in different quarters of US with relations to China unless a formal strategy with Standing Operating Procedures is not set. US' disorderliness and disagreement for sequential of activities will bring no fruits without limiting except to keep eliciting Chinese for no faults. Concurrently, US will have to remove the uncertainty over the exactitude and congruity of US policy towards China. These are the areas where US is lagging due to which Beijing equivocates to engage in

any of US drives. The bilateral relations of China and US are not steady to be considered as symbols of tension or cohesion because relations cannot be established in vacuity. Diplomats voiced, “The relations should be embedded in a larger set of stable US political, security, and economic ties.” It means that such relations should be above the traditional meaning for meetings and visits rather relations should be progressive from one visit or meeting to the others. This needs consistent efforts and commitments in terms of utilization of energies, times, resources and strategic thinking. (Dollar, 2017, p. 46)

Regional politics plays its role in negatively de-tracking the Sino-US relations. The history of American’s relations with Taiwan and its meaning to US-China ties has been well documented. Taiwan is perceived to be the most likely source of any potential conflict that could flare up China and US. The status of Taiwan is still unresolved therefore Taiwan is a deciding factor in determining the future of Sino-US relations. Section 2 of the Taiwan Relations Act 1979 by US, explicitly outlays the US policy about Taiwan, as peace, stability, security, economic and politics of Taiwan are in the US interests. (Dean, 2014, p. 5-9) These matters are of international concern which resuscitates the US efforts, as “US will ruminate any effort to persuade the future of Taiwan by other means to include boycotts, embargoes and threat to peace and security in Western Pacific.” Taiwan has deep meanings for the US’ future course of action therefore US will keep supplying its arms to Taiwan.

Nonetheless, Sales of arms to Taiwan by US, has been the bone of contention

between US and China in this triangle. At the same time, US looks keen not to provoke Chinese indignation and has acted to maintain a balance in its ties with both China and Taiwan. The last documented sale of fighter jets to Taiwan, was considered one of the items it mostly wanted and vigorously pursued. Kent Wang (2014) argues, “The US should sell F-35 fighters to Taiwan because Taiwan’s air defence capabilities are slipping, and that the possibility of China purchasing Su-35s from Russia makes it even more necessary for the US to provide advanced fighters to Taiwan.” Resultantly, Mr Bush ex President had sanctioned the sale of 150 F-16 A/B fighters to Taiwan, despite of knowing that the deal would receive fierce Chinese criticism. (Tiezzi, 2014, p. 90)

Previously repeated calls from Taiwan to acquiesce to this sale were rejected by successive US Presidents, despite demanded by US Congressional representatives. By these acts, US is giving gestures to show complete restrain of the situation so that China could not react to US acts in the region. (Schaus, 2018, p. 56) The jets appear to be symbolic of the balance of power that US has decided to maintain in its ties with China and Taiwan. A shift in the current status would effectively signal a momentous shift in US policy towards both. The US’ relations with Taiwan is viewed by the Chinese to be the single most important factor determining the nature and direction of Sino-US ties. Chinese Ambassador to the US, Cui Tiankai, wrote in 2017 in which he terms US strengthening of relations with Taiwan as the biggest obstacle in the path of consolidation of Sino-US ties. He states that in the wake the increasingly convoluted interests between US and China while playing the Taiwan card, should be given a second thought as it is

more of a liability.

4.4.4 The Chinese Economic Development:

China continues to grow its economy and will exert its influence across Asia and the rest of the world. Since the end of the Cultural Revolution in 1976, China's main priority was to develop a modern nation state through economic development and the same was taken care of by a strong central communist govt. The same way, China tries to work for the population who are not at par of much of its developed areas but this will take China much longer. The govt of China has successfully managed the rapid globalization of nationwide markets over the last four decades. China has been using its cheap workforce and this made China as a location of choice for a number of multinational corporations (MNCs). Nonetheless, China continues to face its "macroeconomic challenges, resource constraints, ethnic tensions, wealth disparities, and regional resentments within different part of China to include other pressures resulting from fast paced urbanization". (L'Estrange, 2014, pp. 21-27)

Economically, China continues to grow at above 7 % of gross domestic product. China's greatest limiting factor to economic growth is its demography. With today's One Child policy, over the next 30 years, the development of the country will be supported by a small population. Yet, China has greatly benefited from increased technological usages so it may be able to cope with reduced man-power. Thomas Friedman, in his book, *The World is Flat*, mentions "the Triple Convergence": empowering individuals,

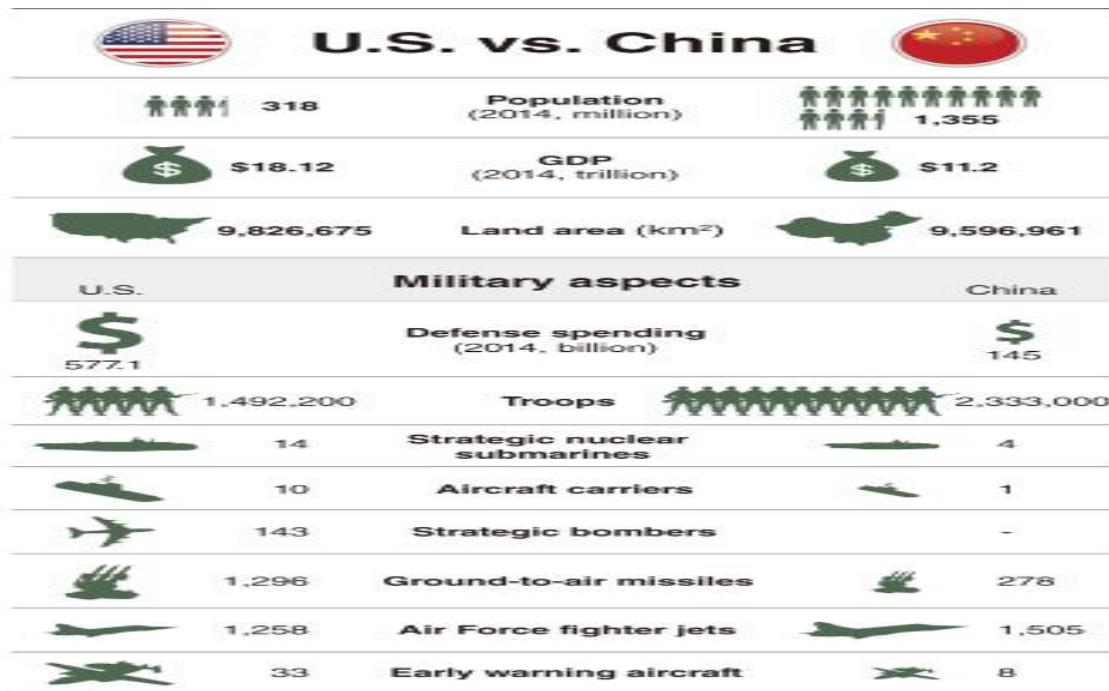
technological platforms and a flattened playing field. (Freidman, 2007, p. 47) China has been trying to be an idealist as well as realist nation because it has economic interdependence with Asian states and the rest of the world while pursuing its power both militarily and economically. China has already begun to haunt regional cooperative policies whereas they are increasing their bases but avoiding entanglement with US.

Militarily, China is facing security dilemma in its surroundings. China is bordered by fourteen states in its west, north and south. These states require assurances from China for no infringement to their sovereign statuses. They feel insecure and are in fear that China would prevail to limit their prosperity. Moreover, China is facing various issues with its neighbours; disputes on border with India, contentious situation on Taiwan between US and China and issues of EEZ in South China Sea. Chinese strategize North Korea to act as buffer zone for providing strategic space between China and its neighbours like Japan, South Korea and US (US is maintaining naval bases). On the other hand, Sea Lanes of Communication are taking its toll in cases of interruption in supplying of oil to China. China is heavily dependent on those Sea Lanes of Communication which are under the influence of US Navy especially Strait of Hormuz and Strait of Malacca. (Kim, 2015, p. 51)

In addition, US presently has edge over the China in military capacity and modernisation in military machines. Essentially, China is living in a realist world as mentioned by Hobbes and continues to pursue its interests based on fear and honour as mentioned by Thucydides. According to defensive realists, a state needs for up-gradation

of the country armed forces to get, “the point of parity or at least near parity with its immediate rival”. Therefore, it is clear that “a state strives to attain minimum credible deterrence with the purpose to create a theatre denial capability.” To reach to this point or near to, China set its defence budget as US \$ 117 billion for the year 2013-2014. (IDSA, 2014, pp. 13-15) The figures suggest that the Chinese defence budget was being increased by approximately 10.7 percent which was US \$ 106.4 Billion in 2012.

Figure - 2. Critical Factors in US-China Rivalry



Sources: South Korea Defence White paper - 2014

This seems very unpleasant but it is just 1.3 % of GDP of China which means minimally increase from 1.29 percent in 2012 but quite less than 1.32 percent as

registered in 2008, however such allocation is much less as compared to the US defence budget being already allocated. Most Chinese analysts defended its continued double digit growth in defence budget. They justified that China was a huge country with a vast coastal area, has four declared nuclear neighbours and much disputed areas to include the four sensitive located nearby. Therefore they are of the view that Chinese defence expenditure was within the scope and requirement to defend its sovereign status. (Morrisey, 2010, p. 43)

China has assured its security and territorial integrity by having the large armed forces in the world. After US and Russia, China is the third one who sent astronauts in space. In term of hard power, China has been developing fighter jets and small arms. Initially China was depending on home-made technology but in post Gulf war to strengthening strategic alliance with Russia, China purchased sophisticated weapons from Russia. As a soft power, the Confucius teachings have been promoted in the neighbouring regions through development of Confucius Institutes in Europe, Africa, Asia and North America. End of bipolarity and economic growth are the most significant reasons of China's rise. The rise has become an important topic for debate in the post 9/11 era. After having reached at the pinnacle as land power, China is now looking at Sea power to safeguard the exposed areas like its Sea Lanes of Communications. (Menon, 2009, p. 73)

In addition, China has never had such territorial stability since long especially, "after Ming dynasty of 16th century and Qing dynasty of the late 18th century." China is

wishing to secure Sea Lanes of Communication for safeguarding its oil supply from Persian Gulf for the prosperity of its huge population. In this context, President Monroe (1823) issued his famous Monroe Doctrine; where the US as a rising power pushed the European Imperial Power out of the Western Hemisphere. A more powerful China can be expected to continue to cooperate with the US while simultaneously pushing the US out of the Asia-Pacific region. The military entanglement with US and its allies is not the aim of China but they want their military adjustment. “US military increasingly loses credibility as to what it can accomplish and with the loss of credibility it will further weaken the American’s Pacific alliances.” (Kaplan, 2014, p. 54)

China continues to concentrate on economic security for its billion citizens with reaping the economic benefits being an exponentially growing nation state. Correspondingly, China will have to realize those gains and the leadership has to continue to deliver on its promises of economic wellbeing for all its citizens. To get its due shares, China has repealed the One Child policy being followed. However, today 70 percent of China’s population is of working age, 30 years from now 70 percent will no longer be able to work thereby placing a heavy burden on a smaller generation. Mostly, the realists including Kenneth Waltz and E.H. Carr explain that peace and prosperity will not be ensured by economic interdependence. (Waltz, 1979, p. 32) Nevertheless, in the coming days, China basing on her liberalized economy will overwhelm the world specifically US, thereby transforming China as leading nation state regionally as well globally.

4.5 China's Military Modernization and Expansion:

China is on its way to modernize its military at the stride of its present economic expansion. In 2015, Chinese military allocation was the second to US in the list of highest spending in the military sphere in the World. In 2017, China declared an increase in military spending accounting for 1.3 percent of the total GDP. It is prudent to mention that the Chinese military budget has grown from US \$ 20 billion in year 2000 to US \$ 148 billion in 2014, whereas in 2018, it crossed over US \$ 189 billion. The increases in spending are consistent which are viewed with concerns by its neighbours and US. After fulfilling the requirements of the armed forces, Chinese military has concurrently focused on anti-access/area denial (A2/AD) capability. (Minh Tri, 2017, p. 50) US would not afford such Chinese capability, because satellite imagery clearly reflects the deployment of multiple missile launchers at Yulin Naval Base of Hainan Island in the South China Sea. This development shows that China is on its way to working on its A2/AD capability. (Simon, 2017, pp. 1-2)

In the US circles, it is generally believed that giving any allowance in the case of anti-access capability means allowing Chinese to control Strait of Taiwan and other important areas, such as, “South and East China Seas and jutting out itself to Indian Ocean.” The focal flyspeck of Chinese armed forces modernization is its enlarging capacity to conduct cyber espionage. The US has been alleging that China was directing cyber attacks against American institutions and systems in a sustained manner. (Fallon,

2017, p. 32) US also claims that Chinese activities led to the theft of data of network security programme related to high-technology engineering. The acquisition of such technology means helping to accelerate Chinese armed forces modernization and national development for better understanding of networks, systems and platforms, being used against PLAN in future. China declares such claims as false and fabricated while citing these efforts to be part of containment strategy.

4.6 Chinese Maritime Disputes:

China has been implicated in territorial disputes with the regional countries in South and East China Seas. However, China and its neighbouring states had managed to put their respective conflicts on the back burner to build political and economic ties. Nonetheless, Asia Pivot emboldened regional countries to bring these disputes into focus, challenging China's position and compelling it to respond with strict measures. Such eventuality gave rise to expansionist claims on part of the affected parties. China views such demand on South and East China Seas as coincidental on part of the regional states. South and East China Seas have preponderant hydrocarbons and markets activities which would increase international trade in trillions. The Chinese insistence to enlarge its maritime exploration in South and East China Seas has met swelling willpower from Japan, Vietnam and Philippines. (Dollar, 2017, p. 70)

The US rebalancing, its implicating military deployment and a combination of diplomatic activities have been giving mix signals of increasing US role in South and

East China Seas regions. These activities are needed to be managed properly otherwise the regional trading channels would plunge into deep turmoil. If show downs were the main purpose to embroil Philippines in the South China Sea or Japan in the East China Sea then US, under Defence Treaties, would have apprenticed to think about military actions. However, in such eventualities, the US engagements would have more tenacious to Japan than Philippines. (Wong, 2014, pp. 76-80) Defending and mutually supporting have different connotations under treaties obligations to both Japan and Philippines. Japan, will have to be defended in case of attacked whereas US and Philippines would be mutually assisting each other. (Birsel, 2018, pp. 56-60) Military action is further explained to be undertaken as last resort, however, scale and circumstances under which incidents need countering, will dictate military action.

Crisis Communication Mechanism (CCM) has been framed in the Sino-US, “Military Maritime Consultative Agreement” at the time when conflict breaks out between China and Japan. (Treaty of Peace between China and Japan 1952 - Appendix 1) This mechanism is encouraging truce and promotes communication between Beijing and Tokyo. Side by side, US has questioned the Beijing’s land redemption efforts, in South China Sea. (IIPS Study Group, 2016, pp. 7-11) US has also issued warning to China that development in island or any military augmentation will lead to conflict. To safeguard against any conflict, in 2015, US has already deployed its surveillance aircraft and shifted its battle ships to disputed areas within 12 nautical miles of Paracel and Spratly islands to accentuate navigation in claimed waters. The operations aimed to contest all the Chinese

maritime demands and are expected to be expanded in its scope. These operations have been receiving support from the allies of America. (Dollar, 2017, p. 65)

4.7 Irritants in East and South China Seas:

The Diaoyu island dispute kicked off a period of increased tension between China and its neighbours. The Govt of Japan announced on 11 September, 2012 that it had completed the formalities of acquisition of three disputed islands in East China Sea being owned privately by Japanese at the total cost of 2.05 Billion Yen. The territory, being part of a series of eight islets that both China and Japan have historically laid their claims to, lies over a stretch of 7 square kms, located at Southwest of Okinawa and East of Chinese mainland. This purchase announcement of islands propelled an immediate but strong reverberation from Chinese govt and called for Japan to reverse the illegal invasion of Chinese territory. Chinese govt stated explicitly that it would not sit idle as its territory was infringed upon. (Phillips, et al., 2012, p. 58)

A white paper titled Diaoyu Dao was issued by China State Council Information Office, reflecting the historical and jurisprudential facts as an evidence of China's right to the islands. (Susumu, 2012, p. 34) The govt of China also declared guidelines of territorial waters that surround the islands in compliance with international legal formalities and as result of which dispatched patrol ships to the disputed waters. Japan squarely responded by rejecting China's claims as invalid under international law, citing the Govt of Japan's Cabinet Decision of 14th January, 1895, by virtue of which it had

incorporated the islands into its territory, and reiterated that the decision was taken after a decade of surveys. These surveys confirmed that the islands were not, nor ever had been under the control of the Chinese. Over the following weeks, exchanges of threat calls received from both sides that if such posturing continues, it would escalate. (Wong, 2014, p. 67)

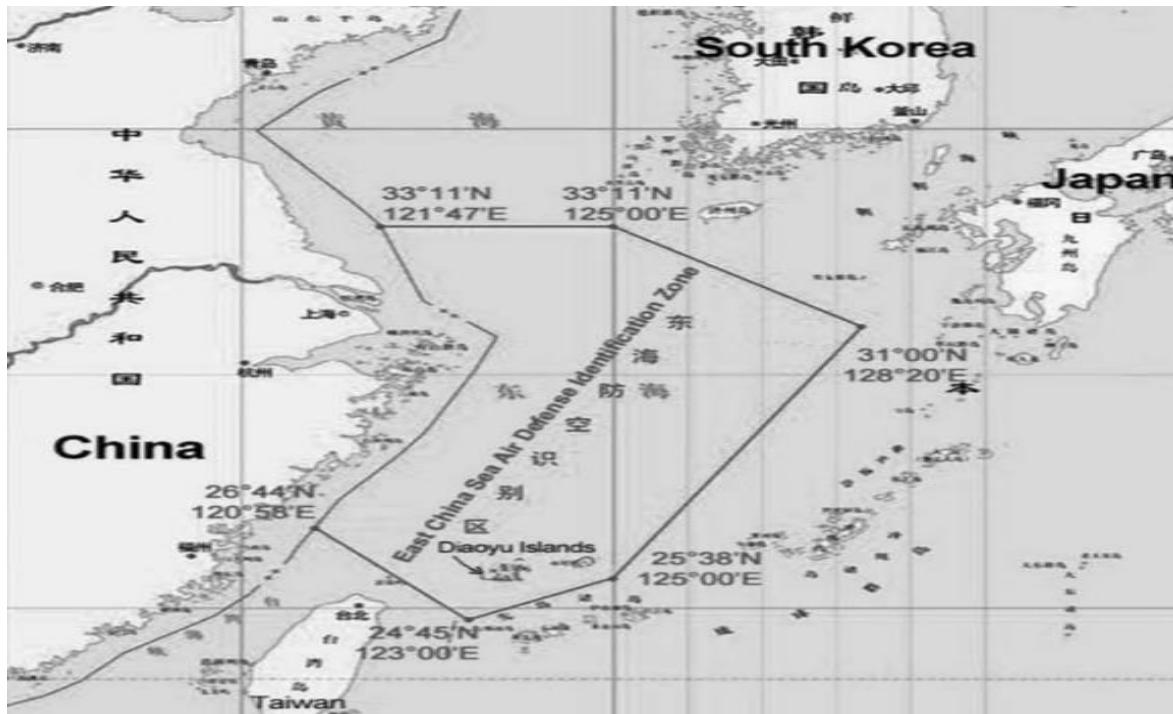
China continued sending maritime surveillance vessels in the disputed waters that were patrolled by Japanese Coast Guard. In mid-October 2012, the Japanese navy commemorated 60 years by holding a massive naval exercise south of Tokyo, with over 40 ships including conventionally powered submarines, hovercraft for amphibious landings, destroyers and 30 aircrafts. Warships from Australia, Singapore and US also participated in the naval exercise. In response, China conducted a naval exercise comprising of 11 Sea Vessels and 8 Aircraft, in East China Sea, with the participation of both civilian and navy maritime agencies. Tensions and fears over the risk to regional security continued to grow in crucially strategic region, because this area of waters constitute rich fishing grounds and the continental shelf. In addition the area is part of crucial regional trade and energy routes and claimed as home of Japan, South Korea and China, the world's largest economies. (Tiezze, 2014, p. 57)

Mutual Defence Treaty between Japan and US obligates to defend Japan in case of an armed attack. (Japan-US Security Treaty - Appendix 2) US, for its part, advocated a cautionary approach towards a peaceful resolution of the dispute. The following years witnessed claims and counter claims, measures and counter measures, from either side as

both sought to maintain supremacy over the issue. China's announcement of a special Air Defence Identification Zone was the most prominent as result of which all aircrafts passing through the areas were to comply with Chinese rules and regulations. (Ikeshima, 2016, pp. 152-160) In addition, the one which added fuel to the fire, was Japanese President Shinzo Abe's visit to war shrines, honouring Japanese soldiers in the Second World War. This gave rise to Chinese anger over what was stated, the latest blowing in a series of blatant rejections of atrocities committed against the Chinese people in the war by Japan. However, in November 2014, a thaw appeared to be in the offing, with both govts announcing to resume diplomatic and security discussions on the issue for a peaceful resolution. (Perlez, 2014, pp. 34-40)

On the other hand, Philippines and Vietnam are the other two major disputants claiming over two island chains known as the Spratlys and the Paracels whereas China claims over the largest portion of the disputed territory, citing a 2,000 year old historical right. Vietnam rejects the Chinese stance by stating that China did not lay claim to the islands until 1940. Vietnam supplemented its claim that they had the historical documentation to prove Vietnam's rule over them since the 17th century. Moreover, the Philippines contests China's claim to islands of Scarborough Shoal, called it as Huangyan Island by China, lies in close proximity to the Spratly islands. On the basis of EEZ, Brunei and Malaysia also claim the specific waters in South China Sea, with the former having claim on part of the Spratlys. Over decades, these conflicting claims have resulted in armed skirmishes as well. (Wong, 2014, p. 87)

Map of Air Defence Identification Zone in South China Sea



Source: Ministry of National Defence, www.globaltimes.cn/content/827263.shtml

In 2012, the Philippines and China found themselves engaged in a protracted stand off after the former accused China of building up its military presence in the resource rich waters around the Spratlys and with mutual accusations of physical intervention in the Shoal. In July the same year, China entrenched its management post on Parcels Islands, called Sansha City, to administer Chinese territory that provoked protests from Vietnam and Philippines. In March 2014, Philippines took up its case to UN Tribunal, under UN Convention on Laws of Sea, China dismissed the case being filed. China emphasized its steady position that the dispute was a bilateral issue to be

resolved by the two countries, however China also stated that the cause of conflict was the illegal occupation of reefs by Philippines. Moreover, a drilling rig was set up by China near the Parcels, led to physical altercations between Chinese and Vietnamese ships. (Fallon, 2017, pp. 50-56)

The Vietnamese govt responded with a move towards strengthening military ties with US and purchasing two Kilo-class Russian attack submarines. In December 2014, both sides announced that they had decided upon settling the dispute through dialogue, following meetings between China's top political advisor, Yu Zhengsheng, and Prime Minister Nguyen Tan Dung of Vietnam. Both reiterated their desires for and expectation of a candid approach to the issue in pursuit of a peaceful resolution, and agreed to facilitate the improvement of Sino-Vietnamese people to people relations by encouraging social, economic and cultural exchanges. On this, US reiterated that regional countries should have navigational freedom in South China Sea. US further insisted on a multilateral approach towards the solution of the dispute, in the contrast to China's clear stand to define it as bilateral dispute. (Gady, 2018, p. 8)

4.8 Sino-US Convergence of Interests:

China and US have been managing convergence of interests in a number of areas in Asia-Pacific region. Due to the profitability of outcome of an activity, opposing sides either don't pose problem or assist each other for the fulfilment of an activity. Therefore, they converge to cooperate by issues due to which they aspire a similar outcome.

Complementarily, to achieve the desired goals, they either worked together, or try in finding the opportunities of working together. The present regime of US (Trump) has evolved similar strategy with China as of Middle East. However, China and US have diversified views while working with many states especially like Iran. US impresses to show sticks to Iran and others whereas China has the propensity to offer carrots to them. Notwithstanding, in majority of other issues, China and US have set examples to work together in most of the parts of the world. While proffering convergence on the prospect of cooperation in the Middle East, it lays a foundation of clash concurrently for them.

(Minh Tri, 2017, p. 16)

On the other hand, Chinese emperors had been demanding gratitude from their fragile neighbours but avoiding the net of colonial complexities that West followed in the 18th and 19th centuries. After World War II, US enfolded multilateral diplomacy, initially through United Nations and afterward through regional and international organisations. In all these organisations, being the most powerful actor, US contrived a strong endeavour to devise a sense of shared tenancy to embolden generous observance. However, this multilateral impulse in US seems to be shuffling. The present administration of Trump has obviated from the established stance while relinquishing the importance of United Nations and NATO to term as a bunch of people, talk and happily passes on. In January, 2017, Trump remarked to a German paper that US should only help in defending the allies who had accomplished their obligations to US. (Alterman, 2017, pp. 35-39)

On comparative basis, China's proclamations are more calculative. After carefully envisaging the national interests, the predisposition of China is of paramount significance that promotes bilateral links with fragile powers. Similar to the previous case, the links were market based in nature however, officials of China are anxious on commissioning with fellows govt of other countries on factuality of trade and business and its importance to the world. (Burney, 2017, pp. 32-38) China assumes to be probing with the idea that solid commercial links provide China to earn sway without the cosmetic military and diplomatic impression that internationally needed in the past. US assumes to be implicated numerically in commercial based diplomacy. The US president would take the advantage of his marketing and real estate background for reiterating the marketing facets of international relations. Mr Trump has announced that he would mediate agreements that are commercially beneficial to US. (Almond, 2018, p. 93)

China fleers up on intimidations considered to be interfering in the internal affairs of other states. China reiterates that strong govt are the correct answer to modern mode of terrorism. China rejects the approaches that terrorism is contribution of the abuses of human rights. Chinese officials blame that unnecessary emphasis on human rights and democratization entitle terrorists on the pretext to be the champions of democracy because mostly the terrorists are freed out of prison under the garb of democracy. Notwithstanding, both of the states, have convergence of opinions on much of the issues and spheres of interests. Strangely, the convergences of Chinese and US attitudes may also initiate the platform for conflict. The approach to Middle East by China is

interrelated to US as the later is easing up ground for Chinese influence. On the other hand, China is comfortable to have comparatively small contingent abroad as US has been managing heavy contingent. These acts and other mutual interdependent fulfilments are proportionately helping each other due to which both of them are mutually benefited. (Burney, 2017, pp. 22-25)

4.8.1 Korean Peninsula and Regional Stability Milieu:

Beijing has played its role in both spearheading and supporting efforts aimed at the peaceful denuclearization of the Democratic Republic of North Korea (DPRK). This particular case provides insight into a number of areas which affords room for Chinese and US cooperation. The Chinese objectives about the Korean Peninsula lay the desire and commitment to resolve tension peacefully so that regional stability and security are not jeopardized. (Ying, 2017, pp. 12-23) It is the Chinese top priority to maintain the stability of Korean Peninsula. The instability would implicate a scenario for China to receive an influx of refugees streaming in the country through the porous border. The influx of refugees would bring with them a host of social and economic worries. However, if US decides to intervene in North Korea on the pretexts of dealing with Weapons of Mass Destruction and reunification of the peninsula on the desire of South Korean, it will increase the chances of military conflict at Chinese border. (Aum, 2017, p. 18)

Geographically, North Korea serves as a buffer zone for China, to keep the

deployment of US troops in South Korea at a safe distance from the Chinese border. The web of treaties among Koreas, US and China would draw US and China in an unwanted situation with each other. This may emanate from any adventurism or provocation of North Korean. US interests in the peninsula include; the reunification of Korea; hampering any attack against US allies and promoting human rights, however, denuclearization of North Korea constitutes the most vital interest. This latter concern stems to manage peaceful boarder that coincides the Chinese desires. The divergence in this area lies in prioritization; for China, it is crucial to ensure stability; for the US, it is all about to eliminate the threats arising from the presence of weapons of mass destruction in North Korea. (Bandow, 2016, p. 48)

4.8.2 Disputes in South Asia and Roles of US and China:

Historically, India and Pakistan agreed upon the United Nations' resolutions adopted to settle the Kashmir issue through the democratic method of a free and impartial plebiscite. China and US agree for a peaceful resolution of Kashmir dispute between the two nuclear armed neighbours. Chinese stance on Kashmir has evolved from a stand in favour of Pakistan in the early years of their bilateral relationship, to a neutral one as the Sino and Indian relations expanded. China remains consistent in its calls that India should improve bilateral relations with Pakistan through dialogue for resolving all the disputes including the Kashmir issue. On the other hand, US has been urging both Pakistan and India to resolve their issues through dialogue and peaceful means while

expressing, “deep concern” over recent surges in violence along the Line of Control and the working boundary in Kashmir. (Afridi, 2017, pp. 85-90) On the subject of mediation, China has expressed its willingness to arbitrate in the Kashmir dispute, subject to India’s consent. On one hand, the statement is a reflection of Chinese neutrality in the dispute but on the other, it also hints at the complex web which is the China-Pakistan-US-India quadrangle. (Chang, 2017, pp. 76-84)

In policy making circles, it is a general perception that the close relations between China and Pakistan are an effort to offset Indian and American efforts to move closer to each other. Moreover, the US-India relations are viewed through the prism of efforts at the containment of China. (Alterman, 2017, pp. 57-63) Historically, both Pakistan and India agreed upon the United Nations Resolutions adopted to settle the Kashmir Issue, “The accession of the state of Jammu and Kashmir to India or Pakistan would be decided through the democratic method of a free and impartial plebiscite under the auspices of the United Nations”. (Snedden, 2015, p. 182) In the interstates relations, it is unlike, the way interstate disputes are fought, as at the most, Kashmir dispute neither has some vital stuff of strategic importance nor does it have some geopolitically important area. The Chinese leadership has been careful to maintain that its close ties with Pakistan are not aimed to counter India or Indo-US relations; however, it is hard to change the perceptions. (Afridi, 2017, pp. 95-99)

4.8.3 GWOT and Stakes of China and US in Afghanistan:

US had entered a war of choice in Afghanistan, expecting to sweep to victory within days; instead, 17 years have passed after 9/11 attacks, American forces are leaving Afghanistan, in essence, a power defeated at the hands of a rag tag group of religious extremists. The cost of war was over US \$ 3 trillion and over 2,500 lives of American soldiers till February 2018. (Birsel, 2018, pp. 89-92) It has exacted a severe toll on the US economy and on America's international standing. Moreover, it has wreaked havoc with regional peace and stability, resulting in the loss of security, a huge loss of military as well as civilian life, and the increasing entrenchment of terrorism. Afghanistan, ravaged by decades of war, is worse off than before the US intervention in 2001, with the ever ready threat of Kabul falling back into the hands of the raging insurgency. America cannot afford to leave Afghanistan risking to hand over by default in the control of the same entities it vowed to eliminate. (Afriди, 2015, pp. 37, 40)

In the past seventeen years, the incurring of monumental cost to the American nation, will have been for absolutely naught. This serves as a blatant reminder for having been largely unsuccessful in achieving the declared objectives at the outset. China's concerns include curbing of terrorism and extremism in the region, and ensuring protection of Chinese investment in Afghanistan. (Saxena, 2017, p. 64) The most significant concern of the Chinese leadership is to prevent the possible penetration of the insurgency into its majority Muslim and restive Xinjiang province. Previously, China

had limited engagement in Afghanistan to investment in various areas of the resource rich country, especially the mining sector, the training of Afghan security forces, and the reconstruction and development of local infrastructure. Recently, China has begun to play its vital role in Afghanistan to achieve; **one**, protect its substantial investment, **two**, ensuring that Afghanistan offers no space as a base or for movement to the separatist East Turkestan Islamic Movement, and, **three**, strengthening Afghanistan's internal stability. (Fallon, 2017, pp. 85-88)

China's role in Afghanistan, especially with regards to aid and investment, has the potential to increase substantially which will result in the exit of many foreign agencies working in Afghanistan's various sectors and the subsequent loss of financial aid channelled through them. A stable Afghanistan is crucial for Chinese plans for regional development spearheaded by economic integration. Afghanistan has the potentials to act as bridge between China, Pakistan, Iran and the Central Asia Republics. China has also appointed a special envoy to Afghanistan, Sun Yuxi, who has remained China's ambassador to Afghanistan, India, Italy and Poland. China has also been engaging actively in promoting multilateral forums for cooperation on Afghanistan, including all major stakeholders. (Saxena, 2017, p. 40)

China has been assisting to work for stable and peaceful Afghanistan. In this regard, in 2015, the Afghan Taliban confirmed a visit to China to negotiate the peace process between the disputing parties. Although Taliban denied categorically that it was aimed at seeking Chinese assistance in negotiations with the Afghan govt. (Burney, 2017,

p. 12) However, this development is suggestive of a potential role for China to act as mediator in negotiations. The room for US and Chinese cooperation lies in securing a peaceful Afghanistan with stable institutions that can prevent a relapse into chaos, and ensuring the stability of the larger region. China's measured approach, aimed at ensuring long term stability in Afghanistan with an inclusive role for concerned stakeholders, and at developing the conditions for a socio-economically prosperous region. This is in stark contrast to US strategies which are aimed less at rebuilding and stabilizing efforts for Afghanistan, let alone the broader region, and focused more on providing US forces a quick exit from Afghanistan, while keeping behind a small contingent which will afford them a presence in the region through Bilateral Security Agreement. (Khan, 2017, p. 73)

4.8.4 Preventing the Outbreak of Hostilities in South and East China Seas:

In January, 1960, “The Treaty on Mutual Cooperation and Security between US and Japan” was inked which binds US to safeguard Japan at the time of aggression. (Treaty of Peace with Japan - Appendix 3) In 1951, a Mutual Defence Treaty had also been signed between US and Philippines guaranteeing the defence of Philippine, in case Philippine is attacked. Philippine and US signed Enhanced Defence Cooperation Agreement to ensure safeguarding of Philippines from outside aggression. The agreement will remain enforced for the following 10 years; the purpose, as stated in Article I of the Treaty, was to maintain and enhance the individual and collective

capabilities of US and Philippines to resist an armed attack, as laid out in the Mutual Defence Treaty. (Fallon, 2017, p. 15) While the US has defence agreements with other allies, Philippines and Japan augur for what can rightly be termed as their adventurist policies viz-a-viz China, in the wake of America's Asia pivot. (Lampton, 2016, p. 96)

Japan and Philippines appeared to be emboldened by the declaration of US intentions, in the prospect that they committed deliberate provocations over their respective disputes with China when US was rebalancing in Asia-Pacific. It created an opportunity for Japan and the Philippines to not only harness ongoing domestic dissatisfaction over governance issues, but to also utilize US efforts to demonstrate its commitment by attempting to draw it into a position for taking stand in their favour. (Glaser, 2015, p. 2) The response of Chinese and US to the Diaoyu islands and the Scarborough Shoal disputes are an indication of their policy towards how best their implication would be averted while dealing with the situations. At the best, it would be in their mutual interest to work towards avoiding similar situations from erupting in the future and, more importantly, preventing an environment which would orient them into intractable positions ending in outbreak of armed hostilities. (Bandow, 2016, p. 54)

4.9 Complex Interdependence in US and China Bilateral Relations:

US and China will not resort to military means to resolve conflict as it is an undesirable option except in cases where it dominates by strategic and geopolitical interest. With regard to East China Sea, it has strategic and geographical importance in

the region. It is rich in natural resources and homes to vital economic and energy routes for the disputing parties. In addition, it homes to naval presence by China, Japan and the US. The surrounding areas of East China Sea are rich in hydrocarbon resources, and have abundant fishing grounds. Fishing grounds have a vast scope because there is huge increase in per capita fish consumption in the world. In addition, 14 million Chinese people, 26% of the world total, earn their livelihood from the fishing industry. (Gady, 2018, p. 70)

The seabed in and around the disputed areas is known to have abundant oil and natural gas reserves but largely unexplored. However, these are estimated to be 61 to 102 million barrel oil and about 2 trillion cubic feet gas reserves. Moreover, these waters are also serving as home of energy routes through which imports and exports are conducted. Natural resources are highly important because China's natural gas demands have grown dramatically over the course of the previous decade, in line with its burgeoning economy and its growing population, and production has been outpaced by consumption. On the other hand, Japan's oil consumption had witnessed a relative downturn during the previous decade, having witnessed a 20% reduction, it is still the largest resource of fuel consumption but its natural gas accounts for about 20% of the country's total gas consumption. (Hass, 2017, p. 53)

In 2011, as result of Nuclear Incident of Fukushima, reliance on non-nuclear sources of energy increased, because oil and gas taking the largest slice of the pie. Chinese trade relies heavily on East China Sea as it provides the communication routes

connecting the ports at Pacific Ocean, Qingdao, Shanghai, Fuzhou, Ningbo and Wenzhou. In 2010, according to World Bank, China had conducted a total trade of US \$ 5.7 Trillion, out of which 90% of the trade was transported through sea. (Binder, 2017, pp. 6-10) East China Sea has been playing an important role for imports and exports, contributed heavily to the growth of the economies of the region. Moreover, it has facilitated the interdependence of the economies of inter and intra-regional countries. In addition, the East China Sea is also crucial for China to develop blue water navy capability. (Calcuttawala, 2018, pp. 71-77)

The Chinese Navy has been working on modernization in the past three decades for achievement of a number of identified objectives. In 2006, the PLA's General Political Department released a document outlining the purposes that would be served by the newly modernized navy. The document says that the supreme maritime security pursuit of China would include protecting the maritime holdings for assisting the developmental process of China, protecting shipping routes of China for imports and exports, preventing smuggling, storming piracy, eliminating maritime terrorism and other transnational crimes. On the other hand, South China Sea is prosperous in natural resources with an estimated 60 billion tons of petroleum, as well as marine products to include 10% of the world's fish catch. It also provides passage of US \$ 5 trillion worth of sea trade annually. The value of resources in this part of Sea is estimated as US \$ 1 trillion. (Huasheng, 2017, p. 95)

It worked for a framework to maintain good territorial oceanic security order.

Chinese are hemming their national interests over these important aspects. It is particularly worth-noting that 80% of China's oil imports flow through sea lanes patrolled by the US Navy. The two wars, the US undertook in the wake of the 9/11 attacks, left the US economy in shambles and incurred debts worth several trillion dollars. The annual US budget deficit rose to over a trillion and unemployment and inflation rose steadily whereas incomes of American citizens are declining. (Blank, 2015, p. 34)

The US nation grew increasingly tired of being at war, creating an outspoken aversion to such undertakings in the future. Therefore, any policy moves that take the American nation to war anywhere will find it near impossible to garner public support. At the very least, such support would have to draw from nationalistic fervour and emotion, and not merely on what is perceived to be a decision among the elites as to what constitutes a key national interest. In the international arena as well, the US has lost massive political currency and been the target of vilification, not undeserved; selling an undertaking of this nature with declining American clout would find tremendous obstacles. Armed conflict would also be an undesirable outcome for the simple fact that US has Chinese US \$ 1.17 trillion foreign Debt, in the total amount of US \$ 21 trillion. (Schoff, 2016, p. 62)

With China's intensive inward focus, particularly under the govt of President Xi Jinping, engaging in conflict will not be a desirable option. The Chinese leadership has set specific objectives to be achieved in time for the country to mark two major

milestones. These milestones are; the completion of 100 years of inception of China by 2049 and 100th anniversary of Communist Party by 2029. Moreover, President Xi Jinping has been promoting other initiatives related to regional economic integration to include CPEC, Central Asia Economic Zone, and One Belt and One Road Initiative. Chinese and US concerns are not limited to security issues alone, rather it is covering a wide range of other issues; China-US Strategic and Economic Dialogue is the highest level of bilateral forum between China and US to look into these concerns. Notwithstanding, any conflict in the region will have destabilizing effects, and a consequent debilitating impact on the realization of these development ventures. (Bandow, 2016, p. 32)

The agenda for the 6th round of China-US Dialogue, held in Beijing in 2014, were; military operations, counter terrorism dialogue, non proliferation cooperation, law enforcement cooperation, anti corruption efforts, customs enforcement cooperation, joint fisheries enforcement, promoting economic growth and prosperity, wildlife trafficking, peacekeeping efforts, joint exercises in earthquake search and rescue, the establishment of sister cities and US-China Governor's forums, the launch of Eco-partnerships and Eco-city projects, mayors training programmes, cooperation in environment protection, cooperation in science, technology and agriculture, cooperation in health, shale gas study tours, cooperation in unconventional oil and gas exploration and development of resources, etc. From the agenda, this is demonstrative of the fact and very easy to understand that Sino-US interests run across a wide spectrum of areas and is not limited

to a pinpoint. (Burney, 2017, p. 60)

4.10 Conclusion:

In the wake of shifting of hub of the activities to Asia-Pacific, all stake holders are working to reorient their focus accordingly. Side by side US administration has been working to strengthen its own efforts as well as its alliances to equalize the cropping up threats emerging from the region. China and US will have to contribute together to safeguard solid and balance international growth. On the other hand, instead to be working to counter balance, US should have realistic and pragmatic approach towards Chinese progression so that both the states to resort multilateral approach for the prosperity and development of Asia-Pacific. In addition, China cannot bolster its existing rate of economic growth if the neighbouring countries are aligned and cooperated against her. Correspondingly, US needs to be more dynamic and flexible in its approach for associating its gains through the development of Asia-Pacific because the region provides venues of approach for the accrual of benefits.

CHAPTER - 5

EVOLUTION OF SINO-US RELATIONS IN ASIA-PACIFIC

5.1 Introduction:

Sino-US relations are bounded by competition, conflict and cooperation as concluded through the permutations of China and US. Analysis of the existence bindings between the two countries can be evaluated with effect from 1989. However, amalgamation of periods and areas will make the matter more multifarious because it is easily judged that there is a close cooperation in one area but its benefit cannot be accrued being heavily affected by conflict in some other area. (Harding, 2015, p. 64) Moreover, both sides are steering their national interests all over the world which are sometime coinciding and sometime conflicting. Basing on the international politics, some of the interests of US and China are relegated to the second place for compromising but their core interests cannot be confided unless properly monopolized. However, economic and security interests are placed high in the decision making process. (Simmons, 2008, p. 30)

Placing the focus on the very important areas like the security and economic interests, people at the helm of affairs will have to decide upon their respective foreign

policies. Uni-polarity flanked by respective perceptions made these areas projected and enforced on its own version of democracy and human rights muddling the multifarious nature of relations at the initial stages of the post cold war era. (Russett & Onnal, 2001, pp. 23-29) Notwithstanding, at the concluding stage of Cold War, “there have been gargantuan of diversifications in the disposition of international relations.” The US’ strategic cynosure has been relocated to East Asia as it has been transforming into the hub of economic activities. Previously, US remained fixated to the issue of communism and its relevance to the world system etc, however after its collapse, former USSR has been replaced by China. (Koga, 2017, p. 67)

The dismemberment of the former Soviet Union also arrested the sustenance of the geo-strategic reasons to abnegate from cooperation and collaboration between China and US. (Cairo Declaration - Appendix 4) The perception of US over security has also tremendously alternated because of the defeat of communism and the triumph of democracy, the downturn of Russian economic and military power and the emergence of rising China as an economic and military power. America as the dominant power and China as the emerging power will prevail for quite some time, therefore in future, the relationship between US and China will not only complex and critical but will reshape security, peace, stability and prosperity in the globe. (Javad, 2017, p. 78)

China is peacefully rising to become a hegemon and adapting to maintain status quo in general. However, US has concerns in its own calculus for the hegemonic status of China in international politics while portraying China as ideological discordance to

value system of the West. This perception may be right or wrong but an assertive and powerful China will apply better methods of handling the international politics. These modes are competitive and conflict based on to challenge US hegemon in Asia-Pacific region that have been in harness at the conclusive stages of WW-II. (Cordesman, 2016, p. 98) It is immaterial to conclude anything on the reactions of US' leadership at the time of Obama administration's on US Asia Pivot Strategy. Similarly, from the slogan 'America First' of Trump administration, it is imply clear that US has created consensus in discerning to declare China's status as a dilemma for the status of American superpower-ship in 21st Century. (Rauchway, 2017, p. 48)

5.2 US' Perceptions and Chinese Ground Realities:

The geo-strategic ratiocinations for not cooperating by China and US, have been brushed aside due to the dismemberment of the former USSR. (Suettinger, 2003, p. 40) US was apprehensive about China because of its tyrannical and autocratic nature of political system, ambiguous positioning on their future capabilities and vague status on military affairs. (Huntington, 1996, p. 87) Notwithstanding, the emanation of China has transposed the international balance of power, the international trade orientation and the Asian security perceptions. A lofty discussion is in the barrel about the issue of how to embark upon the rising China. (Shambaugh, 1996, p. 37) Liberals and conservatives state, "Rising China was a threat to US national interests in Asia-Pacific region." In this connection, liberals reiterate cooperative obligation and peaceful transformation through

interdependence, investment and trade whereas neo-conservatives are of the opinion to forestall China through pre-emptive showdown by means of military action, diplomacy and alliance. (Henry & Liu, 2002, pp. 78-81)

In response to China's economic growth, three main prospects have originated in the last three decades, **first**, the prospect of China threat convinces that Chinese military modernization and its growing economic power would ultimately cripple the US' superiority in Asia in general and North Asia in particular. It is viewed that status quo in the world will be upset and region will be destabilized due to rising China, therefore China should be contained by all means. **Second**, liberals are of the view that China should be incorporated in the system. They believe that rising China will in no way be challenging to the international system hence there will be no rationale to think that China will destabilize the world. **Third**, notwithstanding with the Chinese splendid growth in last three decades, US perceive that China will debilitate US militarily and economically. (Koga, 2017, p. 67)

5.3 Chinese's Perceptions as a Superpower:

China is the only country to confront the hegemony of US because of its booming economy and modernizing of military wherewithal. In addition, its pursuit as a regional power and the perception in the post Soviet arena reflects its ambitions in making as superpower. It was generally believed after Tiananmen incident that China would reverse its reform programme due to the commanding position of its traditional

leadership. Modernists in China have been reforming but old guards in the govt have been tightening their command over economy and hence maintaining the supremacy. (Lampton, 2003, p. 56) The old guards were not willing and not caring to fulfil the formats of US even to pay the price of deterioration in mutually relations between the two states. However, it is believed that the pioneering class from foreign and private businesses accounted for approximately 60 to 65 per cent of Gross National Product have been ignored by the management. (Freeman, 2018, p. 76)

Nevertheless, reversal in the reform programmes will definitely affect the Chinese economy negatively. The present Chinese leadership is not burdened by the spiritual constraints but enriched with better know how in technical ground. Moreover, the present leadership is very influential but will be unable to impose their views in much of the areas like Mao or Deng could do so in the past. In addition, they are less capable of imposing their ideas as Deng or Mao did to bargain linkages with conservative leaders for the achievement of reforms. (Shambaugh, 1996, p. 69) As of now, the Chinese reform programmes have been well received as these have expedited the Chinese development and living standard of people. Concurrently, Chinese strategy of remaking is functioning well which is palpable from its achievement in space technology, defence, high-tech area, and other such like areas. Beside this, China has been pushing out its splendid drives to move towards the new technological uprising everywhere in the field of market forces and planned economy. (Moran, 2015, pp. 57-63)

Similarly, China has matching response in attainment of standards similar to the ones by developed countries. In addition to launching of more than 30 Satellites, China is manufacturing satellites, hydrogen bombs, space rockets and other similar technologies. The basic aim of the Chinese approach to development is to strengthen its economy and modernize its military. (Javad, 2017, p. 34) Its strategy is to lay accentuation on the usage and exercising of scientific know how to enhance conventional products and improve the relative tenacity of their products in global market. China is working on beaconing of various programmes to manage and prioritize the products systematically for the purpose of dominating the international market. This is why China has been concentrating on manufacturing of those items which could be sold abroad. (Cordesman, 2016, p. 98)

After the Tiananmen Incident, China was aiming to move soberly with unipolarity so that its diplomatic isolation could be overcomed. China and US has been working to ease up their trade relations but the indicators at the end were not up to the mark therefore it was concluded that trade relations would be more competitive. China was focusing on improving its human rights standing and this was the main determining factor in China's exploration for association in Latin America, South Asia, Western Europe and Asia-Pacific. (Augustine, 2014, p. 75) On the other hand, Japan and China have displayed significant improvement in relations; Japan has been welcoming an amiable China for their long standing strategic and economic goals. In this regard

Japanese focus is to work closer with ASEAN whereas it has already signed agreements with Myanmar and Vietnam.

China is on its move to conclude some verbal agreement with Vietnam then settle the claims on Spratly Islands with Taiwan, Philippines, Brunei, Indonesia, and Malaysia. This will also be a stepping stone to solve the issue of Titaoyuta Senkaku Islands with Japan. With regard to its relations with North Korea, China is enjoying an opportune position at the North Korean-US dispute. (Haass, 2018, p. 2) At the best, on apportionment of former Soviet Union, China beholds to have the capability to confront the US hegemony while simultaneous rising as Superpower. (Potsdam Proclamation - Appendix 5) The damage on diplomatic front has almost been repaired through its economic activities, however, China would not like that none of the regional state should either or as part of any association confront its hegemony in the region. (Jin, 2017, p. 43)

With stable environment in the region, China has two ways strategy for its neighbours, at first China is making its effort to have friendly relations with them but concurrently, it acts to create an environment for counterbalancing them. In the post Soviet era, China believes that the near abroad of Russia would not have the capacity to sell arm components because of their inability to purchase other parts from the market on cash payment. (Jezard, 2017, pp. 2-3) Similarly, in the days ahead, US market share in arms will increase in the region but this will not be possible unilaterally without Chinese participation and cooperation. In this respect, China possessed sufficient products in the defence industry and during the cold war era its share was 5.8 percent in the international

market. Moreover, China has been accounted for six percent of its arms sale to the regional countries of Asia-Pacific region. (Nanda, 2016, p. 67)

Notwithstanding, China has filled the vacuum through its arms sale created due the dismemberment of USSR, resultantly, the Chinese budget is on the increase. US has remained disturbed with the Chinese arms sale to Pakistan and North Korea to the extent that US has been linking its trading with the Chinese arms sale. In this connection, US has been viewing seriously the reports on the sale of fifteen missiles to Pakistan because this missiles deal would disturb the equation of balance of power in the region. (Stacey, 2018, pp. 3-5) On the other hand, Chinese weapons export to Asia-Pacific countries was 46 per cent between 1987 and 1991. In addition, only in 1991, China soled US \$ 1,127 billion worth of arms that makes approximately 10 percent of total market's share. In this way, China possesses a pinnacle position as the budgets of the regional countries and other contestants have increased in the Chinese market. (Koga, 2017, p. 76)

US possesses colossal capability for having approximately 7,000 nuclear warheads. To the US proposal to remove the missiles aiming at each other was rejected by China on plea of not having "No First Use" declaration. China may be correct in its perception not to join any process of disarmament unless both Russia and US reduce their arsenals to the Chinese level. However, China understands that US could get sufficient diplomatic support to arrive on some conclusion. (Reeves, 2017, p. 69) The stance adopted on disarmament by China, may not be very attractive and US will not agree to meet the Chinese demand. Nevertheless, US has agreed to shift China civilian nuclear

technology like in the cases of France and Canada which shows that much of the leverage would be available with China to rise to the second position in the world ranking. (Jin, 2017, p. 54)

5.4 Strategic Partners Vis-a-Vis Strategic Competitors:

5.4.1 The Issue of Taiwan:

Taiwan acts provocation factor in the relations of China and US. To supplement the point, US granted Visa to Lee Teng Hui in 1995, was a leading leap in relationship of US and Taiwan after 1978. Ensuing this, the course of action in establishing cordial relations between US and China became more difficult when China strongly responded to the postponement of visit of Chinese Defence Minister to US. The visit of Mr Chi Haotian to US was highly important for negotiating impending Proliferation Talks on Ballistic Missile. China also disowned to accept the appointment of Mr Ames Sanes as Ambassador of US to China on the eve of assurance that there wouldn't be any deflection in its policy due to the visit of Mr Lee to US. An expected deflection was perceived by Chinese leadership and spelled out that such action clearly reflects back-paddling on one China Policy and progression on US containment of China hence outline to refuse the rising status of China as Major Power. (Young, 2015, p. 45)

The leadership of Taiwan had been searching all the ways to get de jure sovereignty and create international opinion in separating a union in their favour through

private visits diplomacy. China was resisting the visit of Mr Lee to US due to its policy of integrating Taiwan with China. (Chen & Wu, 2017, pp. 132-152) The policy was endorsed by Deng Xiaoping to have one country with two systems. Under the same arrangement Macao got unified with China and Portugal with Hong Kong. To unite Taiwan with China, long time back, Moist Strategy was framed to resist imperialist rule and solidified communist hegemony in the areas being claimed by China. China has strongly followed its main aims since the inauguration of office of Taiwan in State Council during 1970 and by 1991, these were further accelerated through fraternizing of contacts at privately levels. (Augustine, 2014, p. 79)

To the Chinese genuflection, a positive change in Taiwan's response has been seen in April 1991, when President Lee signed the document of declaring the culmination of mobilization. Due to this declaration, a forty year long civil war ended between the govt of PRC and ROC (Taiwan). Consequent to this, the govt in China led by Chinese Communist Party, was officially accepted by President Lee but made it clear that Taiwanese govt wouldn't give up the unification condition as liberal democratic policies for one China. The Chinese leadership pledges on accomplishment of a historical prospect about their ancestral territory which will not be reduced at any cost, however, China confirmed more autonomy to Taiwan as comparing with other autonomous regions of China. (Hanze, 2017, p. 120)

Chinese govt assured that Taiwanese govt would enjoy to retain its own military, right of adjudication on the island, independency for entering into commercial and

cultural agreements with other countries, an independent judiciary, own administrative and legislative powers and to have political parties. To substantiate, China outlined purposeful plans for joining Macao, Hong Kong and Taiwan with China. (Rauchway, 2017, p. 67) In contrary, China will not be hesitant to take military action if Taiwanese pursues their independent status for working to be recognized internationally. However, both China and Taiwan perceive differently about their powers and the roles they played during cold war. Taiwan has been claiming legitimate right for international status because of its political system and its economy. It apperceives that market trends, freedom and democracy have preponderated over economic system of socialist by surpassing them internationally. (Yuen, 2014, p. 34)

China professes its legitimate rights over Taiwan due to its international status while Taipei justifies its legitimacy being part of New World Order based on democracy, economic cooperation and market. Taiwan considers that the Cold War Tactics being applied by China would never be relevant in the era of Post Cold war. On the other hand, the Taipei attempts to join UN and WTO is contraction to the Chinese perception of Taiwan to be integral part of People Republic of China. Similarly, Taiwan is on move to strengthen bilateral relations with other states while engaging itself to play its role in transnational relations and in the global society. The battle between China and Taiwan is mainly based on the traditional customs to statehood, sovereignty, identity being firmly followed by China whereas Taiwan is following to evolve the interdependence model. (Harding, 2015, pp. 67-73)

The Chinese two track policy with Taiwan is a strange phenomenon because on one hand, China is patronizing for their economic megalomania and on the other hand, China never like that Taipei should work on any neutralization of Chinese dominance in the region. This kind of policy is very similar to the one being pursued by US in containing China but engaging them in economic consanguinity. However, China has foiled all such drives undertaken by Taiwan to get diplomatic influence anywhere in the world. The hardness in stance towards Taipei in resolving the merger issue is repented with incongruity. The differences in Chinese and Taiwanese approaches lie in the palpability that the latter believes the issue as diplomatic and the former considers it as internal issue hence doesn't permit the affordability of intervention. (Reeves, 2017, p. 89)

Interesting enough that US has been playing the card of Taiwan, to officiate its own national interests. The location of Taiwan is an added advantage to US to be used like its Naval Base to contain China. The Chinese leadership has been continuously castigating US at international forums for their hegemonic designs. The pivotal event in the annals of China and US relations was the incident of Tiananmen Square in 1989. This incident has changed the entire spectrum of bilateral relationship between China and US after the historic visit of President Nixon to China in 1972. Lampton (2001) says, "With the disintegration of Communism, the role of China in offsetting Soviet imperialism lost its justification and the fundamental discordances between both the systems surfaced to be more pronounced." Notwithstanding, after the Cold War, the strategic importance of Sino-US relations heightened, therefore, US administration

undertook the policy to incorporate the role of Beijing in global peace and stability. (Christopher, 1998, p. 516)

5.4.2 Sino-US Economic Interests:

In Sino-US relations, economic interests are predominant because both the countries having their usual sagacity as the internal affluence is indispensable for exercising leverage in the international hippodrome. At first in the year 1979, US contracted trade agreement after establishment of diplomatic relations with China. The basis of such agreement was the award of conjoint status of Most Favoured Nation because China was the first communist and outside of GATT country being awarded such status. This status devoured China the most because China exported goods to US with lowest tariff rates being ever practiced by US. However, this MFN status was kept under threat as it used to be annually renewed. Regardless the number of arrangements for the issuance of MFN, the US kept on to renew the status during 1980 to 1989 but after Tiananmen incident and because of the growing trade deficit with China, US reoriented the MFN renewal and subjected it with Chinese human rights situation. (Helton & Xi, 1989, pp. 78-85)

On the issue of MFN ex President Bush was able to overcome the negativism of Congress, but on its extension, there was a division of opinion, some were in favour of abrogating it yet many were making it to be conditioned. Veritably, in the US policy towards China, this MFN status was made a principle stratagem to link with many issues

especially contravention of rights in relations to Intellectual Property. (Augustine, 2014, p. 21) Mr Bush adopted a varied path based on considerations related to political and moral spheres. He neglected economic considerations altogether because he believed that his approach was based on constructive obligations and could be easily moulded as diplomatic gadget for maintenance of meaningful trade interests. The US interests were embodied for fair trade practices, respect for human rights, democratisation, adherence to international norms to sale military equipment and cooperation with China. (Freeman, 2018, p. 64)

In 1991, Ex President Bush announced that a normal course of action would be adopted for another year to link to lesser evils by continuing Chinese trade privileges, however, he introduced sanctions on technical exports. This period saw mix of activities of sanctions and obligations as part of Mr Bush's policy. In 1989, US had placed China in the watch list and became a priority country, however, in 1991, China was investigated under article 301, for Intellectual Property Rights. US also pointed out that the Copyright Law of China as notified in 1991 was much short of international standards. China responded by announcing that as developing country, China was facing lot of difficulties to fulfil all the norms linked by US. (Simmons, 2008, p. 56)

In 1992, difficulties surfaced due to the imposition of sanctions while taking into effect approximately US \$ 700 million of export items ensuing which, China conceded to agglutinate the Berne Convention. Following the provisions of the convention, China enacted laborious legislations to defend its intellectual property. (Bajpaei, 2005, p. 32)

China and US signed a memorandum of understanding in which China had agreed to the obligations of Berne and Paris Conventions. These obligations were pertaining to the preservation of intellectual property to preponderate over the domestic legislation of China. A much higher standard of preservation being promulgated by Berne Convention was required to be provided to the foreigners by China. In addition, another issue got surfaced about Chinese products related to export by convicted labour. (Lampton, 2001, p. 45)

Provisions were there about convicted labour in US law but with a few strictures, however after Tiananmen Incident, a stringent stand was taken by US on the products laboured by prisoners. In this connection, in 1991, US custom services declared that all the products produced by convicted labour, shipped to US, would be impeded especially of four factories of China. In order to hold up the importing products manufactured and laboured by convicted labour, US congress had enacted legislations. The provisions were enforced to supplicate those firms who were involved in such manufacturing so that China should certify for not employing convicted labour for manufacturing export goods in future. To step up with, China had enacted legislations on banning of products manufactured by Prisoners but China failed to satisfy US with the steps taken. (Lardy, 2001, pp. 67-87)

In 1992, a Memorandum of Understanding regarding the goods manufactured in prison was signed by Mr Bush. Due to this Memorandum, China was required to release politically implicated prisoners. China remained hesitant initially but then agreed to open

its facilities of prison labour under US proposal in face of Chinese stance on principles of its sovereign asceticism. In 1990, a number of other issues surfaced like the emanation in textile exports of China to US through other countries after terminus of multi-fibre agreement concluded between US and China. (Cheng, 2002, p. 50) In this regard, US Federal Court lodged a suit against four officials and three companies of China for purported deceitful import of textiles of China. Investigations were conducted and resultantly arrest warrants against the involved officials were issued. However, China redressed the issue due to which trade agreement was extended for two years. (Suettinger, 2003, p. 57)

In 1994, relations between China and US were remarkably improved. The change in US policy was named as Comprehensive Engagement while delinking human rights issue from extending the status on MFN. The policy was further glorified by lifting sanctions infringed due to missile sale to Pakistan whereas US also re-constituted military to military relationship with China. However, after these improvements in relations, trade deficit had made US troubled because it increased from US \$ 30 billion to US \$ 39 billion from 1994 to 1995. Moreover, US brought in front the threats found in the shape of lack of transparency of trade deals and violation of IPR. US also blocked the Chinese entry in World Trade Organization due US trade deficit with China in textile and manufacturing. (Simmons, 2008, p. 59)

China could have exported more goods to US, regardless of an apparently unrelenting descending scroll in the trade relations. On the other hand, US viewed

economic interests more superior than any other interests therefore US cared the same while renewing the MFN status. At the time of Clinton rule, much of the focus was given to the Asia-Pacific prospects to develop close relationship with Asia-Pacific countries. At that time, the US administration tried to increase more jobs at home because they believed that the boosted economy of China would help in alleviating the problems of unemployment in US. China never meant to accomplish the needs of US and its internal prosperity impermeably, but at the time of renewal of MFN, US was persuaded. US was approached through business delegation while inviting US firms to endow in China, which showed the Chinese ingenuity in employing instrument of perusal at the appropriate level in US. (Kuo, 2018, p. 38)

On the wake of these impelling in the economic relations, bilateral trade between US and China has been rapidly moving ahead. The main subscriber to this increase of trade to US is Hong Kong. Chinese products including Taiwan and Hong Kong, on comparative basis with US exports to China, were extraordinarily exported to US. In the nineties, it was a general perception that Greater China, including Taiwan and Hong Kong, was appearing to be a strong trading bloc. (Hanze, 2017, p. 142) The trade relations of Sino-US are not merely bilateral based issues rather these include the trade of Hong Kong and Taiwan. It is also the absorptions of products of Taiwan and Hong Kong in Chinese based products. Consequently, US has to essentially work with Greater China and any negative reaction by US to deal with China by invalidating the MFN status, will

unfavourably affect long-lasting US allies like Taiwan and Hong Kong. (Zheng, 2018, p. 1)

The award of MFN status has been lengthened under duress because of Taiwan and Hong Kong. Subsequently, to integrate China in the international market, US administration had made a policy for useful betrothal to provide jobs inside US. (Koga, 2017, p. 67) In policy making circles for business inside US, the markets of China are the pivots of activities. In the post Cold War era, economic considerations in bilateral ties with most of the nations in US were given much of the weightages over political considerations. China was compelled to open its market to international norms applied through these considerations. There is disproportion in trading between US and China mainly because of the import prices ratios. These ratios vary between 1: 3 or 1: 4 between the trading of both the countries because China levies import tax of 3-8 percent and US levies import tax 2-3 percent. (Reeves, 2017, pp. 67-85)

Nevertheless, China is a member of World Trade Organization that does not violate trade rules of WTO but due to the Chinese Mercantilist Policies on trade, US trade has been inflicted. Previously, the response of Obama administration to these Mercantilist Policies was to shape up Trans-Pacific Partnership (TPP) for Regional Free Trade by excluding China. Now, Mr Trump Administration has announced to quit TPP unilaterally to avoid further exposure of US Market to other marketers. This decision would restrict the Chinese exports to US for levelling a ground to negotiate bilateral trade deal directly by naming it as free trade. On campaigning trail promises for quitting TPP,

Mr Trump has struck a favourable policy but he seeks to contract NAFTA. (Kuo, 2018, p. 56)

Mr Trump has not yet decided to quit WTO however if US opts to quit WTO, it will bring catastrophe to the trading entity of US. While remaining as member of WTO, the trade disputes between both US and China can be given to an impartial department internally. This process would need to surrender much of the sovereign rights on international trade. Notwithstanding, under Trump administration, frictions on economic and trade would intensify but these would be resolved eventually if both US and China give concessions to each other through discussions. There are complexities in such deals and none of them would be contented at the bargaining on their economic interests. (Jin, 2017, pp. 78-83)

5.5 The Trade Imbalances between US and China:

Due to Korean War, revolution in China and US embargo against People's Republic of China, a sudden decrease in Sino-US trade was seen. In 1972, volume of bilateral trade between China and US remained 1.7 percent of the total trade. However, in 1978, the trade relations between the two sides after market liberalization and the economic reforms of Deng Xiaoping improved remarkably. Though the trade between China and US in 1970s, was not up to the desired level but in 2004, it was reported, "US was 2nd largest trading partner of China and China was 4th largest trading partner of US." At the same time, China was making its effort to increase export market for US. Due to

obvious reasons, smooth trading relations could not be secured even in the presence of good investment flows and large trading between the two sides. (Cheng, 2002, p. 154)

Table - 3. Chinese Trade with US

Category	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
US Export	11.8	12.0	12.8	14.3	13.1	13.3	19.2	22.1	28.4	34.7	41.8
% of Change	26.9	1.7	6.7	10.9	-8.0	24.4	18.3	14.6	28.5	22.2	20.5
US Import	48.5	54.4	68.5	75.1	87.8	107.6	109.4	133.5	163.3	210.5	243.5
% of Change	17.1	12.2	21.0	14.1	16.9	22.6	1.6	22.0	22.3	29.0	23.5
Total	80.3	66.4	78.6	85.4	100.9	123.9	128.6	155.6	191.7	246.2	285.3
% of Change	18.9	10.1	18.4	13.7	12.9	22.8	3.8	21.0	23.2	27.9	29.3
US Balance	-36.7	44.4	-53.0	-60.8	-74.7	-91.3	-90.2	-111.4	-134.8	-175.8	-201.7

Sources: [www.uschina.org / statistics / trade](http://www.uschina.org/statistics/trade)

Despite having large growth of trade relations between the two sides, there are frictions, fears, disputes and misperceptions on trade relations between China and US. US always castigates the trade practices of China as “Unfair and Mercantile” on the other hand, trade deficit is one of the main cause of trade conflict. Seeing the importance of “trade deficit, it is not only manipulating the trade relations but it also affects the internal politics and security parameters of both sides. (Suettinger, 2003) The main area of significance to debate between realism and liberalism is the importance of “Relative

Gains in International Trade". Concurrently, trade is not only affecting the economic relations but a source of fluctuation in security relations. At best the generation of wealth and its usages are the major determinant of military capability rather than to be a mean of influence. (Matthews II, 1996, p. 67)

In future, there may be security implications from the unequal gain in trade because relative gain has high sensitivity when trade gain can be converted easily into a military might. (Matthews III, 1996, p. 98) Relative gains don't matter if a country conducts trade with a country among its allies or whose economy is weak. However, it matters when a country conducts trade with those countries who have the abeyant to be at par in its economic status or has dissimilar political and economic systems or it is not from its allies. (Russett and Onnal, 2001, p. 136) Due to the trade surplus in bilateral trade with US, China has been gaining more than the US. For a long time, at the average, the trade surplus is on the increase in favour of China. Strangely, without a war, US and China have remained involved in situations of conflict and competition since 1st decade of 21st century. (Bernstein & Munro, 1997, pp. 132-137)

It was predicted that China would become a major competitor of US in trade after 2015. (Yebai, 1999, p. 63) It was also predicted that if Chinese economic growth progresses well then in the coming years, China would be the largest economy and military power in the world. (Bernstein & Munro, 1997, pp. 131-137) Due to these imbalances in gain, realists want that China should be contained at all cost. However, liberals and neo-liberals concentrate on "absolute gain in trade and economic relations".

These scholars perceive that in pursuit of relative gains, states are deceived and lead to destructiveness. They further emphasise that in case China and US work for absolute gain in all its dealing especially in economic fields then their economic welfare will progress and each state will be gratified and compensated. (Ciuriak, 2004, p. 75)

In the best interests of the communities of respective country, there should be many reasons to cooperate in all the fields including economic relations instead of collusion. The Chinese and US economies are interdependent to each other because of having comparative advantages and contrasting cost structures. On comparison, US has well trained manpower, high technologies and very rich in capital and China has unlimited but cheap labour and large number of natural resources. Technologies, natural resources and skills are the elemental determinants of trade and other bilateral business adventures between China and US. Approximately, 90 percent of exports including toys, apparel and footwear to US from China are produced by low tech electrical machineries and about 10 percent of exports can compete with the items produced in US. (Morrison, 2017, pp. 26-56)

US' imports from low wages economies like Southeast Asians and Chinese goods are surrogates for US. China is managing large trade surplus in bilateral trade with US, but these products are produced by low value added labour and are produced by Multinational Corporations based on US firms. After the economic liberalization, main sources of export and import in China were being handled by foreign firms. Resultantly, large number of Multinational Corporations has relocated their machineries and other

facilities to China. Due to these firms, in 2004, 60 percent of Chinese imports and exports were conducted and this was the reason that the exports growth was increased manifold in China. Researchers evaluated that most of the profits from the exports had been achieved by foreign firms. (Ciuriak, 2004, p. 76)

Trade has never been one-way-traffic rather trade benefits are mutually collected by both China and US alike, however Chinese are the most proficient producers of expanded grades of low cost products. These low cost products reduce the wages hikes, US inflation pressure and improve the living standards manifolds. In addition, these products are readily available on cheaper rates to the low and middle consumers in US. Intermediate Chinese products are provided to US to help the high tech US industries for competing in the international emporium. (Haiying, 1999, p. 86) Eric Rauchway (2015) said, “Due to outsourcing of labour intensive products, US companies are also specializing on high-value, capital-intensive products, and investing more on research and development for new products, which gives the US corporations more comparative advantages against its competitors.”

In 1979, the Sino-US merchandise trade was US \$ 2 billion whereas in 2017, this trade after economic reforms was US \$ 637 billion. At the moment, US is third largest export market for Chinese products and China is enjoying the status of the main merchandize trading partner. Alone in 2015, sales of US \$ 482 billion were done by US foreign affiliates in China. (Rauchway, 2017, p. 65) Many of these associates declared these sales as critical because of their international ambitiousness. US consumers are

greatly benefited of lower cost goods imported by US from China. US firms are working to reduce the cost of those products which have the assembling points of Chinese products or using their inputs for the production. (Morrison, 2017, pp. 46-56)

Kimberly Amadeo (2018) writes, “The US debt to China is US \$ 1.18 trillion as of June 2018, that’s 19 percent of the US \$ 6.2 trillion in Treasury bills, notes and bonds held by foreign countries and the rest of US \$ 21 Trillion national debt owned by either the American people or by the US govt itself.” The US interest rates have reduced due to the purchase of US debt Securities. China has remarkably enlarged its scope of economic regimes and trade related policies during the last three and half decades, however China has imposed some policies contemplated to be disfiguring the capital and trade drives. Morrison (2018) argue, “These policies consist of the extended cyber economic espionage of China against US firms, extensive use of industrial policies, mixed record on implementing its WTO obligations, discriminatory innovation policies, useless record to implement intellectual property rights, and interventionist policies to influence the value of its currency.” Nevertheless, these policies negatively impact the economic interests of US rather these contributed losses of jobs in a number of industries. (Amadeo, 2018, p. 2)

US, under the Trump administration, has promised to take more favourable steps to demonstrate aggressive posture to curtail trade deficits in, “Bilateralism, Implement US Laws and Agreements on Trade and Advance Free and Fair Trade with China”. In May 2017, China and US publicized the 100 Days Plan Outcomes Initiative. This

Initiative on Trade was consented in meeting concluded in April 2017 between Chinese President Xi and President Trump. The outcomes include market access commitments by China on US beef, bond underwriting and settlement, biotechnology products, electronic payment services and credit rating services. In addition both the countries held 1st session of lately founded Sino-US Comprehensive Dialogue in May 2017 but they have not publicised the outcomes of the session. (Kuo, 2018, p. 64)

From the current unfolding in trade, it is believed that the trade relations between the two sides are increasingly tensed. In March 2018, US President Trump publicised a declaration to impose an additional tariffs of 10 percent on aluminium and 25 percent on steel through Section 232 of National Security Justifications. These two commodities are being produced by China as the world's largest producer. In April 2018, in retaliation, China declared to raise tariffs from 15 percent to 25 percent on various products of US making a total of US \$ 3 billion in 2017. (Almond, 2018, p. 67) In March 2018, US President Trump declared that under section 301, US would take action against China on the Chinese Intellectual Property Rights policies being considered damaging to US stakeholders. Both the states resort to tit for tat on one issue or the other and such acts will be injurious not only for bilateral trade but for the entire international trade.

5.6 The Impact of Undervalued Chinese Currency and US Products:

The undervalued currency gives tremendous comparative advantage to Chinese products over US and this is the major US complaint against China. US has not been

only blaming the Chinese for unfair trade with US but there are fifteen other states involved in unfair trade. Michael Pettis (2018) reported, “In 2005, China conducted US \$ 762 billion worth export of goods and services with US and US \$ 660 Billion worth import of goods and services with other states.” China did not manage with other states to have high trade surpluses, but in case of US, the trade surpluses are increasing. In whole sum, in the last few years, China did not have much of trade surplus with other countries but in case of US, China has large trade surplus which reflects that China is not conducting unfair trade rather the US economy is defective. (Rauchway, 2017, p. 52)

Table - 4. US Trade with China in Billions Since 1980-2017

Year	US Exports	US Imports	US Trade Balance
1980	3.8	1.1	+2.7
1990	4.8	15.2	-10.4
2000	16.3	100.1	-83.8
2010	91.9	365.0	-273.0
2011	104.1	399.4	-295.3
2012	110.5	425.6	-315.1
2013	121.7	440.4	-318.7
2014	123.6	468.5	-344.9
2015	116.1	483.2	-367.2
2016	115.8	462.8	-347.0
2017*	133.9	501.6	-367.7

Note * 2017 projection based on actual data for January - June 2017

Source: US International Trade Commission (USITC) Data Web

The main concern of US is the trade deficit with China which is continuously rising; in 1990, it was US \$ 10 billion but in 2015, it rose to US \$ 367 billion. However

after hectic efforts, in 2016, the deficit got fallen to US \$ 347 billion but US could not sustain pressure due the internal economic defectiveness in various fields and in 2017, it started rising again to US \$ 368 billion. During the last few decades, the trade deficit of US with China has been remarkably increased than other trading partners. Analysts argue that these deficits are not reflecting negative for the US economy but at the same time it also reflects the trade relations with China to be damaging, unfair and unbalanced to the economic situation of US. Experts argue, "These deficits are due to the shifts in international production and the appearance of complicated supply chains as China is the central place for supply and assembling of multinational firms." (Jin, 2017, p. 77)

In fact, in international trade, US has been failing in product producing competitiveness. Many scholars emphasize that trade barriers are not the ones to reduce the trade deficit rather products producing competitiveness matters lot to reduce the trade deficit of US. US was manufacturing powerhouses fifty years ago by employing 29 percent of its workforce but now they employ about 10 percent of workforce in this sector. (Long, 2016, pp. 1-2) On the other hand, China has been employing its Omni-cheap labour, basing on technological knowhow whereas their state policies are totally oriented on technological proficiency. They are much successful to create an advance manufacturing environment in their favour. (Nash, 2003, p. 73) Notwithstanding, if China increases the value of its currency, then this act can be helpful and trade deficit of US with China will be reduced a little but US will not be able to reduce its trade deficit as per their wishes with the remaining world. (Cordesman, 2016, p. 98)

Table - 5. Major US Merchandise Imports in \$ Millions and Percentage Change from China in 2016

NAIC	NAIC Description (4-digit level)	2014	2015	2016	Percent Change 2015-2016
3342	COMMUNICATIONS EQUIPMENT	64.236	67.349	65.676	-2.5%
3341	COMPUTER EQUIPMENT	67.201	63.433	57.377	-9.5%
3399	MISCELLANEOUS MANUFACTURED COMMODITIES	33.601	35.805	34.916	-2.5%
3152	APPAREL	27.146	27.512	25.145	-8.6%
3344	SEMICONDUCTORS & OTHER ELECTRONIC COMPONENTS	22.458	23.327	22.449	-3.8%
3371	HOUSEHOLD & INSTITUTIONAL FURNITURE & KITCHEN CABINETS	14.018	15.738	16.370	4.0%
3162	FOOTWEAR	16.842	17.067	14.624	-14.3%
3343	AUDIO & VIDEO EQUIPMENT	14.645	14.882	13.887	-6.7%
3363	MOTOR VEHICLE PARTS	12.213	13.575	13.417	-1.2%
3352	HOUSEHOLD APPLIANCES AND MISCELLANEOUS MACHINES NESOI	12.205	13.290	12.344	-7.1%
Total		468,484	483,245	462,813	-4.2%

Source: USITC Data Web

5.7 The Import of Chinese High-tech Products to US and US Trade Gap:

US has a definite leverage of producing high tech products whereas China is the gargantuan importer of high tech. These high techs include aircraft, atomic reactors and other sophisticated technological products worth of approximately US \$ 10.7 billion, reaching to 40 percent of US export level in 2003. These imported items were approximately 10 percent of Chinese total high tech imports. Moreover, there are many reasons of huge trade deficit due to which US firms could not be able to sell various

products to China because US govt has already imposed restrictions on them. (Asia Times Online, 2005, p. 5) On the other hand, Asian and European firms are taking maximum advantage in the process of US restrictions and selling their equipment to Chinese Markets. (Lai, 2011, p. 32)

There are a number of other factors due to which US trade deficit could not be reduced considerably; **first**, Chinese market is more open and favourable than other states, the Chinese import duty was reduced from 55 percent in 1985 to 9.4 percent in 2005, which is quite less than Indonesian's 37 percent, Indian's 32 percent, Brazilian's 27 percent and Argentinean's 31 percent. On the other hand, Chinese have remarkably lowered its licensing requirements and import quotas in the last decades. **Second**, from elimination of quota system, China has been getting advantageous position from its gradual phasing out of restrictions on the apparel export. **Third**, China will possess the residual advantage because of the relocation of manufacturing industries from various countries. (Ciuriak, 2004, p. 61)

From 1980 to 1990, low tech industries like apparel, footwear and toys were shifted to China. In addition, after 1990s, the high-tech machineries such as automobiles, computers, electronics, semiconductors and various other household goods had also been shifted to China from Europe, US, Hong Kong, Japan, Taiwan and other countries. Because of these determinants, the US trade deficit would not trim down in near future. (Hanze, 2017, p. 31) Regardless of the current enormous trade balance, there is no doubt that in the long run, a trade relation between US and China would flourish the most and

both countries would be mutually benefited. The Chinese large market will keep growing the US exports, especially in agriculture which will graval the approach for protracted period of economic progression in US. Chinese economic progression has already initiated new borders for Multinational Corporations' financing of US in China. (Young, 2015, p. 81)

In Addition, in China, the FDI of US Multinational Corporations have been increased in the last few years. China has been seriously undertaking the conditionality to come up to the requisite level of WTO. For this purpose China has initiated moves to fulfil those conditions which were necessary for the membership of WTO. To substantiate, the tariffs on agricultural products have been reduced from 22.5 percent to 17.5 percent and the tariffs on US priority products have been reduced from 31 percent to 13 percent. (Sinah, 2003, p. 79) US will try to reduce the Chinese export so that they could reduce the trade deficit between the two countries. However, doing so will have no positive impact on the overall economic situation because US will have to import same labour intensive products from the rest of the world instead of China by paying equal or more prices. (Reeves, 2017, p. 57)

5.8 US-Chinese Security Relations:

China and US have drifted into security differences and other schisms at the end of cold war. (Celico, 2001, p. 67) Lampton (2001) pointed out five factors contributing towards Sino-US security relations; **first**, the change in Chinese defence strategy through

modernization of its armed forces. **Second**, Chinese and Americans have dissimilar views on the nature of the emerging international order because US persists on unipolarity and China on multi-polarity of which China perceives a leading role to play. **Third**, the rapid economic growth of China and its conversion into a military might are petrifying US think tank. **Fourth**, the American suspicions about Chinese authoritarian political system and ambiguous military affairs. **Fifth**, conflicting security interests at global forum are contributing mistrust and suspicion between US and China.

Table - 6. Prospects of Chinese Economy

U.S GNP (1998)	\$7.99 billion
Japan's GNP (1998)	\$4.09 billion
China's GNP (1998)	\$1.18 billion
China's GNP fitted South Korea's per _____ GNP	\$10.66 billion
China's GNP fitted half of Japan's per _____ GNP	\$20.04 billion
China's GNP fitted Japan's per _____ GNP	\$40.08 billion

Source: John Mearsheimer, 2001, p. 398.

The relations between both US and China have also pestered due to the Chinese Taiwan issue, depreciated exchange rate, depressing human rights records and matchups for stakes in energy resources globally. Both US and China are atrocious to get hold of the main strategic locations of energy resources. Being the main oil consumer in the

world, the Chinese presence for the purpose in the Latin America, Russia, Africa, Central Asia, Middle East and other parts of the world could not be digested by US, hence, lead to confrontation. World has two different views on emerging China as world power; Chinese economic growth in the last three decades will facilitate China to overtake US economically and being a dissatisfied power, China will not act as status quo power. (Bajpaee, 2005, p. 89)

Western powers framed the existing international order at the time when China was not strong. To show its muscles, China will redress the historical distresses and will seek a better position in international politics and economic order. In addition, China through political and military influences, will try to have an upper edge in Asia as well as East Asia but this will not happen through physical occupation or attacking neighbouring states. (Mearsheimer, 2001, pp. 387-392). Much of resemblances could be observed in rising China and other Major Powers of the past like Germany, USSR and Japan. Mostly, in all these states, there were autocratic political system, their growth rates were high and they were modernizing their armed forces. It will be illogical to believe that in near future, China will not use its armed forces in the outside world. (Shambaugh, 1996, p. 62)

China, since its independence in 1949, has fought many conflicts at its borders with its neighbouring states as compared to other states in the world, therefore containing of authoritarian China will be a choice to implement. Mearsheimer (2001) asserted, “The most dangerous scenario might be faced by US in the early twenty-first century is the one in which China becomes a potential hegemon in Northeast Asia.” At that point of time,

China may have more potential as compared to the contemporary powers being confronted by US in 20th century. None of the powers including imperial Japan, Nazi Germany, Soviet Union and Wilhelmine Germany had much of inherent power as US had during affronts. Notwithstanding, US policy has been persistent to prevent any single state to dominate in Asia. (Bernstein & Munro, 1997, pp. 81-84)

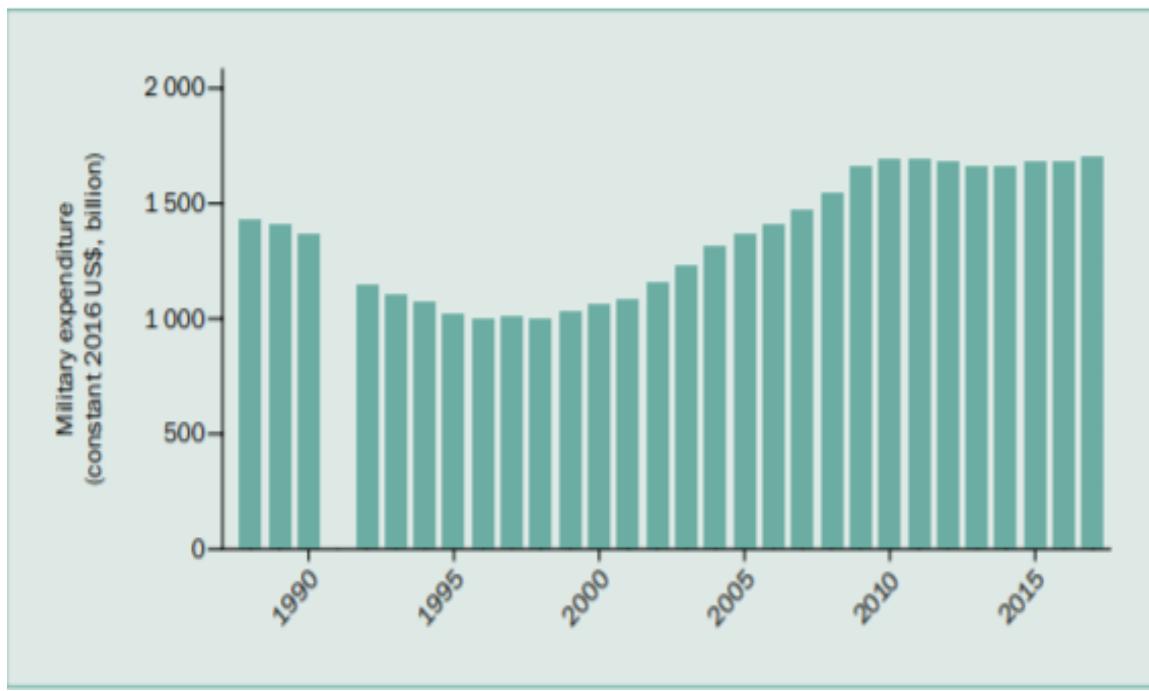
5.9 Chinese Internal and External Balancing:

In the last three decades, China has been modernizing its armed forces especially air force and navy and enlarging its defence expenditure. However, Chinese military power will go a long way to come up to the level of US military power. On the other hand, in 2017, US' defence budget was the topmost budget of the world. Zachary Keck (2018) argues, "This US \$ 610 billion budget was more than the combined budgets of major powers with US \$ 578 budget of Russia, India, China, Japan, France, Saudi Arabia and United Kingdom." In 2017, US defence expenditure was almost four times more than Chinese defence expenditure. Due to its stable economic situation, China will enhance its defence budget, but it is very difficult for China to match up to the American budget and will not be able to reduce the gap remarkably in the coming days. (Rauchway, 2017, p. 65)

The economic and strategic importance of Asia is such that US interest would collide with the interests of China if it is emerged as single prevalent state in Asia. The obligation is the latest scheme of abatement which provides Chinese additional freedom

of action as a probable assailant power. (Shambaugh, 1996, p. 75) The institutional and interdependence means are insufficient and inefficient ways to alter the behaviour and nature of China. Instead to commit to other means, US and its allies are trying to avert Chinese commanding position through conventional realist means. These means include alliance formation, balance of power, unilateral diplomacy and arms build-up. A state can balance its enemies through external and internal balancing. In internal balancing a state can increase its defence expenditure and military modernization to counterweight its adversaries. (Bernstein & Munro, 1997, pp. 34-37)

Table - 7. Major Powers Military Expenditures



Source: USITC Data Web

Table - 8. Major Powers Military Expenditures as Share of GDP

Rank		Country	Spending 2017 (\$b)	Change 2008-17 (%)	World share 2017 (5)	Spending as share of GDP (%) ^b	
2017	2016					2017	2008
1	1	USA	610	-14	35	3.1	4.2
2	2	China	2.28	110	13	1.9	1.9
3	4	Saudi Arabia	69.4	34	4.0	10	7.4
4	3	Russia	66.3	36	3.8	4.3	3.3
5	6	India	63.9	45	3.7	2.5	2.6
6	5	France	57.8	5.1	3.3	2.3	2.3
7	7	UK	47.2	-15	2.7	1.8	2.3
8	8	Japan	45.4	4.4	2.6	0.9	0.9
9	9	Germany	11.2	8.8	2.5	1.2	1.3
10	10	South Korea	39.2	29	2.3	2.6	2.6
11	13	Brazil	29.3	21	1.7	1.4	1.4
12	11	Italy	29.2	-17	1.7	1.5	1.7
13	12	Australia	27.5	33	1.6	2.0	1.8
14	14	Canada	20.6	13	1.2	1.3	1.2
15	15	Turkey	18.2	46	1.0	2.2	2.2
Total top 15			1395	-	80	-	-
World total			1739	9.8	100	2.2	2.4

Source: USITC Data Web

Contrarily, China is trying to revamp its relationship with regional powers including Russia for external balancing. In this connection, China signed an agreement of partnership with Russia, “The Strategic Cooperative Partnership” in 1996, to counterweight US international hegemony. NATO expansion in Europe, the position of US in global politics and National Missile Defence policy (NMD) helped China to work strategy to build external balancing and come closer to Russia, however, both China and

Russia could not come up to adopt some viable mechanism for security. (Wishnick, 2001, pp. 51-53) It may not be possible for China to go for external balancing as many states may not be inclined to associate with counterbalancing against US because of its enormity in military and economic spheres.

Table - 9. World Arms Exporters and Importers (2013-2017)

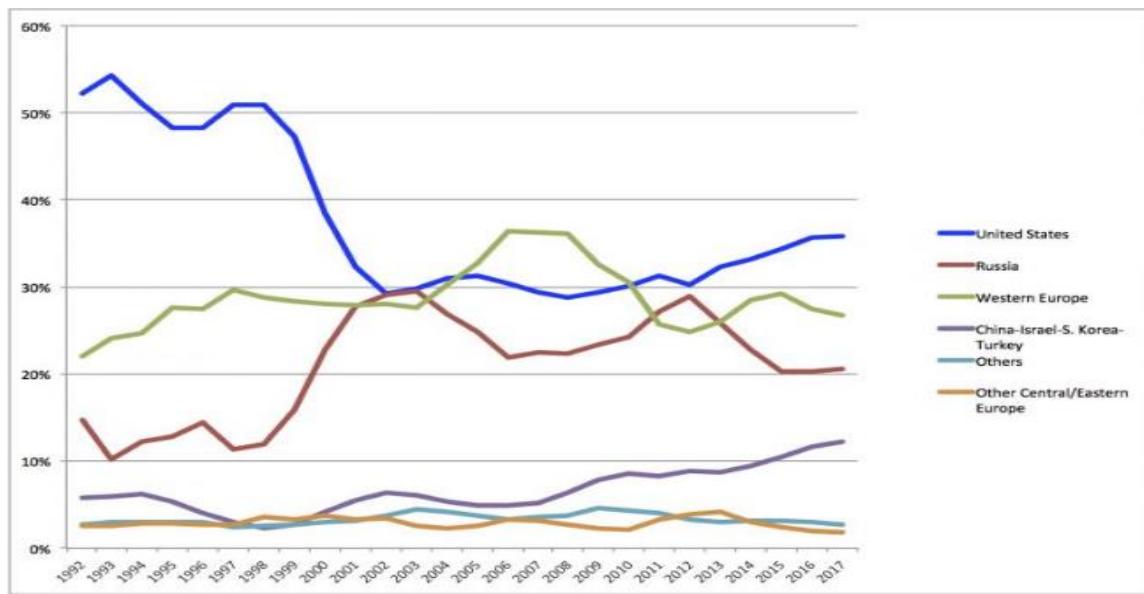
Exporter		Global Share (%)	Importer		Global Share (%)
1	USA	34	1	India	12
2	Russia	22	2	Saudi Arabia	10
3	France	6.7	3	Egypt	4.5
4	Germany	5.8	4	UAE	4.4
5	China	5.7	5	China	4.0
6	UK	4.8	6	Australia	3.8
7	Spain	2.9	7	Algeria	3.7
8	Israel	2.9	8	Iraq	3.4
9	Italy	2.5	9	Pakistan	2.8
10	Netherlands	2.1	10	Indonesia	2.8

Source: SIPRI Yearbook 2018

At the moment, the close allies of China including Myanmar, North Korea and Pakistan may not go for external balancing because of their economic fragilities. These states are militarily and economically are very weak to confront the military power of US. (Moran, 2015, p. 75) On the other hand, China has been progressing well in bilateral

and multilateral spheres with the neighbouring states but no military alliance came up because of uncertainty of situation. Concurrently, US has been maintaining its security relations with Australia, South Korea and Japan. Recently in addition to Australia and Japan, US has further invigorated its security relationship with Singapore and Philippines. In the year 2016, US has granted Defence Partner Status to India, therefore, this is a major breakthrough in South Asia for US to have bilateral security cooperation with India. (Bagchi, 2017, pp. 23-28)

Table - 10. World Arms Export



Source: SIPRI Yearbook 2018

China has been skeptical to all military alliances like NATO, US-South Korean, and US-Japanese mainly led by US. Mr Trump may act to maintain much of the bilateral

alliances because it will be difficult to get away from these alliances. If there are some options, even then South Korea and Japan will go for bargaining with Trump administration. However, US administration has its own checks and balances to avert any move weakening US presence as an instrument of international hegemony for more than eight decades. (Harding, 2015, p. 87) On the other hand if a balanced approach is not adopted towards the military engagement in China Seas then there is a likely chance that Trump may vigorously pursue the military strategy which will lead to an open arms race.

5.10 The US Encouraging Steps for Cooperation with China:

US had preferred to revitalize the relations with China through adjoining economic collaboration while encouraging China to enter into World Trade Organization and other international agreements and conventions. Neo-liberals had presumed that Chinese entry in international economic and political conventions would inspire Beijing to have a lenient view of its domestic political demeanour and will integrate to global standards. Many academicians argue that none of imperialism, idealism, containment and engagement could be perfectly activated against China. Experts also argue, “US doesn’t have strategic partnership and alliance with China, but they need to have constructive relations, through continuation of dialogue.” (Grier & Thurman, 1999, p. 64)

Condoleezza Rice had stressed that Sino-US relations were complex in nature with spheres of dissimilar views on various issues. These spheres include Taiwanese

independence, religious freedom in Tibet, violation of human rights, transfer of arms to Pakistan and Iran, military build-up and trade deficit. Notwithstanding, US and China have already chalked out their respective strategies for cooperation in various areas of interest. These areas include economic engagement, nuclear non-proliferation, counter strategy for terrorism and other areas of mutual interests despite complications. Vast grounds exist for both US and China to cooperate but still lot to be done for removal of trust deficit. In addition trade deficit is the area which is bothering US the most, therefore some plausible moves to be undertaken to make US believe that trade and economic progression in both sides will create equal opportunities.

In 2016, China was the largest state for US imports arrived at US \$ 462.4 billion. Chinese share of total US imports increased from 8.3 percent in 2000 to 21.3 percent in 2016. It is easily judged that the ranking as source of US imports of China has surged sharply, from 8th largest in 1990 to 4th in 2000 and then level reached to 2nd position between 2004 and 2006 and now it is on the top from 2007 till date. The trade imbalance of Sino-US has raised competitiveness in Sino-US relations and this has led to US deflection towards Indo-US trade relations. Moreover, the recent US \$ 1 billion worth Patriot Deal with Taiwan “PAC-3 missiles”, the February 2010 Dalai Lama-Obama dialogue and the human rights issues have severely baffled Sino-China relations. (Morrison, 2017, p. 97)

The rise of China has convinced the realist paradigm that unipolar order was ending with the establishment of anti-hegemonic coalition being led by China. It was

also pleaded that China was working to be boosting up its military capability and its own economic order with a view to turn into a “Peer Competitor of America”. (Foot, 2006, pp. 77-94) US has the track record for not tolerating any one as peer competitors and at the same time, US buckled to continue its position as hegemon. (Mearsheimer, 2006, pp. 160-162) The new role of China as “a Herald of Peace in the World” is not very convincing. In spite of all its reassurances to world that Chinese would like to establish cordial relations basing on trust and mutual terms, the world is suspicious about role of China as world leader.

5.11 Conclusion:

China, with all of the world opposition to its discredit, will have to create a better understanding of receptivity internally in order to establish a better international environment to accept the Chinese strategy to rise peacefully. The initiation of another Cold War between US and China will have to be averted if both the states overwhelm the national ambitions to a “plan of a global order”. “Neither US nor China has the experience to assume their national values to be both unique and of a kind to which other peoples naturally aspire, therefore, reconciling the two versions of exceptionalism is the deepest challenge of the Sino-US relationship.” The overwhelming reality in the Sino-US relationship is the acceptance of each other status in the world affairs. None of the sides will be able to have sufficient influence to subjugate the opposing side, therefore the protracted conflict situation will debilitate the potentials of both the states.

CHAPTER - 6

CHINA'S RISING POWER AND ITS POLICIES TOWARDS ASIA-PACIFIC

6.1 Introduction:

The significance of phenomenology of the 21st Century is rightly argued about the Chinese rapid economic rise. In 1978, Deng Xiaoping had adopted the open door policy that made the Chinese to move on the economic path. This economic development has captured the world focus to be following after the cold war. In 1993, this phenomenon was acknowledged with the forecasting of approximately 9 percent GDP rate per annum. (Kristof, 1993, p. 46) In 2017, China has been confirmed to be the 2nd largest economy after seeing the purchasing power with GDP at US \$ 19.4 Trillion. (WTO, 2017, p. 9) In decision process, People Liberation Army has been enjoying its influence that too with the emplacement of an authoritarian rule in PRC. In addition, on the national interest's issues, Chinese position is unchanged especially the territorial disputes.

China has been demonstrating a rigid stance on its Core Interests such as South China Sea, Xinxiang, Tibet, and Taiwan and has all set to react militarily on the issues accordingly. The defence budget of China is US \$ 145 billion and 178 US \$ Billion in

2017 and 2018 respectively that has been justified being part of nuclear group while adjusting for global security and purchasing power. A rising trend has been observed in Chinese military budget with the increasing defence spending between 2005 and 2017. Rise of China is not unpretentiously amplification of hard power but with concurrence of the economic and military power, China has also been demonstrating soft power influence all over the World. (Huang & Ding, 2006, pp. 68-74) The foundation of Soft Power of Rising China can be imitated to the Asian financial crisis, when in the benefit of Southeast Asia, China acquired international commendation to stabilize its currency. (Lum, 2008, p. 68)

China has been promoting its soft power steadily and this furtherance trace has been observed concretely through the proactive learning fever for Chinese. In addition, Chinese are working discreetly through state sponsored learning centres all over the world. By 2018, China has established over 530 Confucius Institutes and 1114 Confucius Classrooms across the globe, connecting over 147 states and regions. (Hanban, 2018, p. 4) Moreover, the essence of Chinese huge economic jumps can be seen through its peaceful ideology that has the biggest impact on the regional order. To this end, China has adopted the strategy to rise peacefully and keep developing through a peaceful environment in the world. The Chinese policy of proposing twin concepts of good neighbour and the harmonious worldview, were seen sceptically. (Chao & Hsu, 2009, p. 56) Beside the soft power intricacies, in 2014, China was consuming over 43 percent of world's oil. Hangzhou Zhang (2016) argues, "Over the past two decades, while domestic

production has risen about 50 percent, the production rate has not kept pace with rising demand.” Resultantly Chinese dependency on oil and gas import rose to approximately 61 percent and 32.3 percent respectively in the year 2014. (Xinhua, 2015, p. 12)

6.2 The Impact of Rising China Vis-a-Vis Relations with Southeast Asian Countries:

China has adopted good neighbour policy with the regional countries after following the direction from harmonious worldview. China strictly follows, “Five Principles of Peaceful Coexistence in its relations with other countries especially its neighbours.” These five principles are, “Mutual respect for each other's territorial integrity and sovereignty, Mutual non-aggression, Mutual non-interference in each other's internal affairs, Equality and cooperation for mutual benefit and Peaceful co-existence.” (Panda, 2014, p. 76) These principles are the basis of policy foundation in decision making, which are shaping peaceful environment all over the world. (Bert, 2003, p. 43) In addition, these were taken as guiding principles for regional cooperation thereby created consensus on many disputes within the region. Resultantly, China negotiated to settle regional historical issues in Southeast Asia. On the other hand, China has been on the path to improve its relations with the regional countries by establishing partnership and cooperation. The negotiations have paved up to settle border disputes with its neighbouring States. (Huang & Ding, 2006, p. 59)

In 1991, Mr Qian Qichen, Foreign Minister of China, attended ASEAN's Ministerial Meeting for the first time to contact ASEAN. (Tian, 1993, p. 23) In 1994, China made its entry in ASEAN Regional Forum as a consulting partner and in the following years, China became a dialogue partner. In 2003, ASEAN and China have constituted, "Strategic Partnership" to pursue social, security, political, and regional cooperation. (Asghar & Nazuk, 2007, pp. 537-550) In China-ASEAN summit held in 2004, all the members had agreed upon the plan of strategic partnership to be implemented as announced in the joint declaration. Economic relations with the regional countries increased considerably after Asian financial crisis of 2008. As result of which, Chinese import increased remarkably, from US \$ 12.5 billion in 1997 to US \$ 154.7 billion in 2010 from ASEAN countries. (Tsai, 2011, p. 64)

On the other hand, Chinese export also increased considerably from US \$ 12.8 billion in 1997 to US \$ 138.3 billion in 2010 to ASEAN Countries. In 2005, China became 5th largest ASEAN's trading partner, 5th largest source of export market and 3rd largest import source. Whereas in 2007, Chinese trade volume with ASEAN remained US \$ 202.6 billion outweighed the trade volume of US \$171.6 billion between ASEAN and US, hence making Beijing as the biggest trading partner of ASEAN. (Niu, 2009, p. 31) It is clear from these figures that ASEAN and China had been on move for closer economic relations. It will further grow if development plan of Greater Mekong Region, CAFTA and other such agreements are realized. In the backdrop of the importance of this development plan to connect Europe and other countries through Southeast Asia, a

grandiose infrastructural programme was launched to influence the region by China.
(Zhou, 2018, p. 75)

Map of Mekong Region



Source: www.scmp.com/defence/article-mekong-cooperation

6.3 Role of Chinese Communist Party in Decision Makings of China:

Ever Since the creation of Chinese Communist Party (CPC) in 1921, it has lingered as a unitary actor in China's decision making. The party has exercised its control over all state organs such as executive, media, and military. (Tsai, 2011, p. 34) Chinese Communist Party is comprised of approximately 83 million members that constitutes about 6-7 per cent of the Chinese population hence termed as the largest party in the world. CPC has been absorbing colossal changes since its inception. To coup up

with the needs of modern era, Chinese new generation has been consistently working to restructure the party so that it could handle the intricacies of boosting the economic growth. It also works to maintain its control over the economic activities being the forthcoming hub of world. (Lum, 2008, p. 98)

With the passage of time, CPC was restructured as per the need of time. At numerous occasions the party was saved by its incumbent leadership when its survival was at stake. CPC has evolved the party on modern lines from what it used to be in 1990s. The party is comprised of three different sub branches; Central Committee, Politburo and Politburo Standing Committee comprising of 204, 25 and 7 members respectively. General Secretary of the party and the remaining leaders are part of Central Committee, therefore, among the branches, Central Committee is the most powerful branch. Belonging to the 5th generation, Mr Xi Jinping has been selected as the new General Secretary for unlimited period.

Mr Xi Jinping is also working as President and Chairman of Central Military Commission. In decision making process, General Secretary has been enjoying the key standing in the party. At the moment, Xi Jinping along with his six advisors is leading China in all matters from the front. PLA, PSC and CPC remain involved in decision making since last decade but has been affected by the growing economy as it has developed business community including the oil companies. Nevertheless, this change has yet not affected much to CPC because PSC is on the top due to the General Secretary

position who being the head of military also appoints armed force chiefs. (Babones, 2018, pp. 165-171)

6.4 Xi Jinping's World View:

Due to the inherent reserved and introvertedness of China's domestic politics, ones cannot be completely cognizant of the real information; however, the chunks of them available can be gathered in bit and pieces through the Chinese media and officials. Notwithstanding, other sources including statements of world leaders, comments of journalists and different News can be tracked down for extricating valuable views about Chinese President. Mr Xi Jinping has strong nerve on the issue of corruption and openness and candid views about market economy and political reforms. He can be evaluated for his priorities; **one**, Domestic Stability, **two**, Economic Growth, **three**, Territorial Integrity, **four**, Energy Security, **five**, National Grandeur. President Xi Jinping has established himself in short time as the most blooming leader, the politician posterity of the revolution of crown prince party. (Rudd, 2018, pp. 130-136)

Mr Xi Jinping is the leader of Chinese 5th generation whose father, Xi Zhongxun is a communist old timer. In 1971, his political career started, when Xi Jinping joined Communist Youth League and finally in 1974, he joined CPC. He attracted mass investment from Taiwan and earned huge success when he was acting as deputy governor of Fujian, whose priority remained to boost free market economy. In 2002, he was selected as a senior member and then appointed as 1st in Charge in Zhejiang. Following

the dismissal of Chen Liangyu, Xi Jinping was declared as party chief of Shanghai. In 2008, Xi Jinping was selected as in charge of Olympics-2008, who demonstrated his untiring efforts in the Olympics that served him to be elevated to post of Vice President of the country. As Vice President, he travelled extensively to US, Latin America, Europe and Asia including Middle East that allowed him to harbour worldwide experience. (Zhou, 2018, p. 58)

It is important to know how Xi Jinping views the world and this way, China will react to the world accordingly. Xi Jinping's worldview resides much emphasis on the Centrality of CPC over other professional machineries of the state and communist outlook for the policies patronage. China has adopted a culture of political self Confidence representing somewhat departure from Deng's paradigm. Xi dealt with a number of domestic and international issues during his course of political career which rendered him a vast experience of dealing in all eventualities. Due to the charismatic leadership in China, the division between poor and rich has been bonded due to the remarkable economic growth rate in the last three decades. About four hundred million people have crossed over the poverty line. There is discontentment among the middle class and consequently, the situation has generated massive dissatisfaction among the growing middle class. (Xiangwei, 2018, p. 73)

If the dissatisfaction of middle class is not properly addressed in time, then the continuum can guide inescapably to an inevitable worrying situation that will jeopardize not only the status of the country but party as well. (Barry, 2010, pp. 5-36) Chinese

leaders' first priority in this direction should be to bring internal stability first and then to eliminate all the negative indicators towards internal stability. Economic growth is the second priority that is aligned with the first indicator. During the 18th National Congress, it was clearly highlighted for indispensability of the nation to have sustainable economic growth. The output from previous model of development is rendered useless as it is to no avail in present scenario. In the economically incapacitated world, the Chinese growth rate will have to be maintained by taking urgent revival economic steps. (Kim, 2015, p. 91)

Mr Xi Jinping is famous for working of free market economic reforms and would go an extra mile than opening a policy course. In addition, President Xi is highly committed to bring economic reforms and the same can be easily seen through his trip to Shenzhen province to commemorate Deng Xiaoping for his untiring efforts who moved China on the path of sustainable economic growth. Despite the support of Jiang Zemin for Liu Yunshan, the appointment of Li Yuanchao as Vice President of China clearly illustrates his experience and devotion for the economic reforms. Third intensity priority of Xi Jinping is Territorial Integrity of the country for which he is working with great devotion and dedication. Being the head of Central Military Commission, Xi Jinping is enjoying the warm relations with the military forces and is believed to be displaying foresightedness in dealing with military. (Norton, 2015, pp. 75-80)

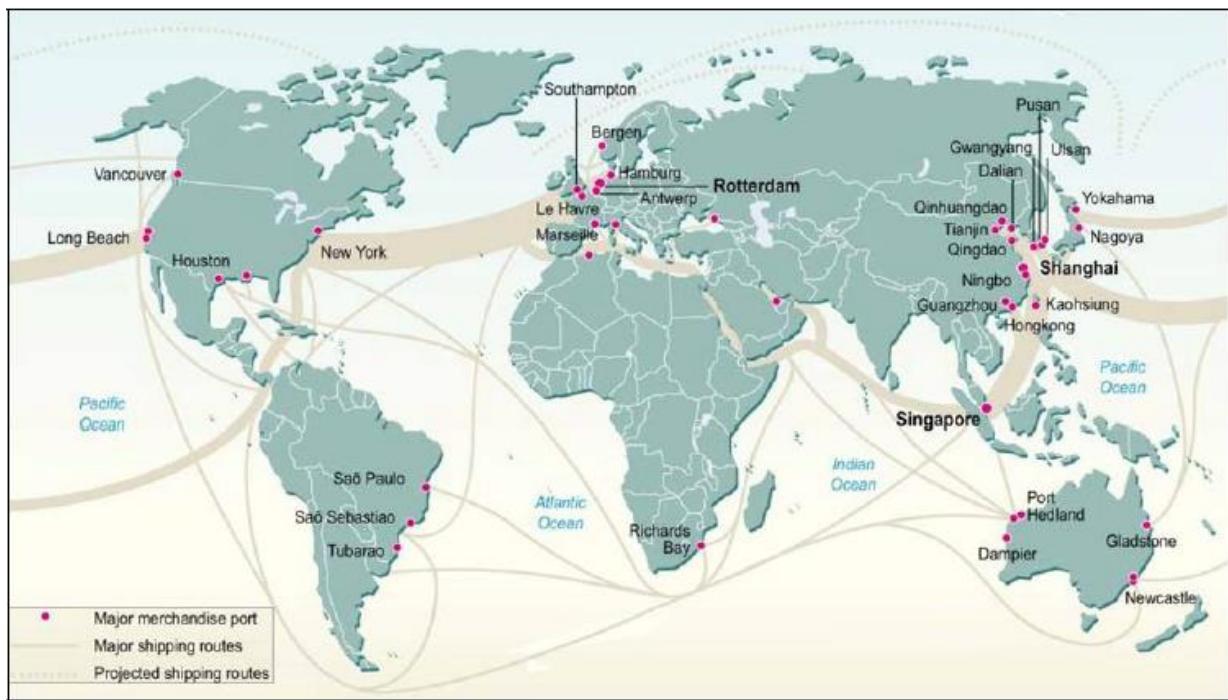
During his association with PLA, he always resorts to peaceful solutions rather than favouring conflicts and confrontations. He perceives positivity in dealing with its

neighbouring countries who is fervent and opinionated supporter for a bright future of Sino-US relations. Basing upon mutual trust, he perceives that China would settle all its disputes with US and would make the best trading and economic partner in future. Along with his futuristic views on relations with various states, he concurrently works to modernize its military to be ready for all types of combats to maintain its territorial integrity. A white paper on National Security has been released in 2010 on divergence between internal and external threat perceptions. (Hanban, 2011, p. 61) The White Paper reflects, “The internal threat has been categorized atop and to work for the survival of the country, domestic stability and economic growth are vital, otherwise, it will be difficult to keep the world’s largest nation united.”

In order to keep up the growing demands at home, oil and gas are imported from Middle East. Being a leading nation of world in consuming of oil, China, concurrently is establishing its economic relations to get the required supply of oil from Central Asia. (David, 2007, pp. 551-575) However, after the US rebalancing of Asia-Pacific and maintaining cordial relations with Southeast Asian States, located near the Strait of Malacca, an important bottle neck as well as predominant Sea Lane of Communication for trade, China has been working on an alternate routes and sources of energy. (Sutter, 2010, p. 59) China’s energy security strategy, based on strategic hedging in times of closure of the straits, is designed to explore other routes of supply so that it could maintain supply of oil without any interference. While working in this direction, China has been investing in various ports especially of Sri Lanka and Pakistan. Of late, the

Chinese officials have been improving the Chinese image as a rising power through its international drives like construction of hospitals, sending troops on UN missions, taking part in humanitarian aid to battling nations and construction of friendship monuments. (Manicom, 2013, p. 42)

Figure - 3. Main Supply Routes of International Trade



Source: <http://transportcity.files.wordpress.com>

The Davos speech of Mr Xi was taken as bold overture to take over the role of US being played for decennaries as premier of free trade and globalised world. Mr Xi precipitated the discussion about the Chinese emergence as an international leader at such a time when US appears to be looking in-going to a great extent. Mr Xi further

underscored, “China's growing stature and influence in global affairs with the successful hosting of the Belt and Road Forum last month.” Now, it is a reality that Chinese have been playing a significant role in Asia-Pacific, as part of strategic and an economic partner for the whole region. China and Asia-Pacific states will go together into a tighter embrace to continue in ongoing economic integration efforts. (Babones, 2018, p. 78) Irene Chan and Li Mingjiang (2017) write, “According to official statistics, China's non-financial outward-bound investments topped US \$170 billion (S\$235 billion) last year, a 44.1 per cent year-on-year increase despite a sluggish global economy.”

6.5 21st Century and Rising China:

The incident of September 11 has opened a new window of opportunity for China. US exhaustion of resources in combating terrorism in the 21st century in addition to the inclusion of the clause of eliminating terrorists' safe heavens, in the top priority list of US foreign policy. This has paved way for Beijing to position in the shoes of a possible bi-polarity in the coming decades. Notions like “China Centric Order Course and Responsible Great Power Course” have already replaced the concept of one super power. (David, 2012, pp. 97-115) Retaining a seat at WTO, the Chinese originated group called Shanghai Five, established in 1996, added Uzbekistan as its sixth member in 2001 to rename it as “Shanghai Cooperation Organization”. The other five members of SCO are; China, Russia, Tajikistan, Kazakhstan and Kyrgyzstan. China adopted a more open

strategy of dialogue on North Korea's nuclear weapons in comparison to its previous stance to the extent by chairing the “six party talks” in 2003. (Xiangwei, 2018, p. 78)

The “Mutual Security Pact” between US and Japan in 2006, caused a rift between Beijing and Tokyo. Though efforts were made by both sides not to provoke anyone, but the animosity was at height and the island disputes wouldn't favour to be solved soon. While dealing with Japan technologically, most countries would end second, but China has seen decades of technological advancements, so the continuation of tensions between the Asian giants has resulted in Chinese independency in its needs for technology and modernization. The US foreign policy under the Republican Party considered China to be a “strategic rival”. Notwithstanding, the need of the hour was different because US operating in Afghanistan, needed the support of China, Pakistan and Iran in a bid to halt cross border terrorism. China wanted mutual support to crush Muslim uprising in its Xinjiang province bordering Pakistan under the umbrella of terrorism. This was the reason that China wholeheartedly assured US its support against terrorism. (Kim, 2015, pp. 67-71)

Beijing sensed an international opportunity and it acted as a global player while using the resources of others. China also decided to use its own resources to a minimum level to first dry out the unearthened resources of regions like Africa and Latin America. On the other hand, US was busy in invading a hard terrain Afghanistan, therefore, China was speedily expanding on economic terms, the nations that were supposed to benefit from foreign investments, had shifted their focus towards Beijing. China was competing

globally with US, and regional competitors didn't challenge China thereby causing a world shift towards "Beijing Consensus" from "Washington Consensus". The Chinese economic model is the key to growth for the developing countries previously dependent on "free market and privatization" of IMF and World Bank. Chinese economic rise and US declining influence a "possible new world order" in which multiple players could be involved in dealing with international issues, leading to a peaceful world unlike in unipolarity. (Ravenhill, 2011, p. 554)

6.6 Rising China Vis-a-Vis Chinese Threat Theory:

Ex President Hu Jintao gave a rebut to the "China Threat Theory" through assuring the world that the economic and military advancements by China were not made to intimidate someone rather everyone's peace and security would be respected. It is further reiterated that China as an international leader would follow the policy of soft power by harmonizing the Chinese society and build a peaceful international environment. (Yoon, 2013, pp. 175-180) Realists argue that this Chinese policy "would alter the world order", however, Beijing is desirous a participation from countries like BRICS to play a part in the "international political system". China has demonstrated an optimistic approach when dealing with disputes settlement of bordering states. Specially in case of India, China has officially settled more than ten bordering regional's disputes in the long horizontal border. (Kang, 2009, p. 53)

Moreover, in case of Vietnam, thirty years old border demarcation issue has also been resolved. In addition, involving neighbouring states in talks and cooperation and measures like holding “ASEAN+3 talks and ASEAN+1 talks” have to be credited to the China. At the conclusion of “Treaty of Amity and Cooperation” and joining of ASEAN+3 by China, South Korea and Japan issued an insignia for the Asian resurgence, but the Chinese soft power and diplomacy left Tokyo and Seoul much behind; the construction industry in China flourished not only more than Japan and South Korea, but anyone else in the world. Resultantly, China has emerged as an economic giant on the world map. Though, Japan and South Korea are American allies but their ties with China have strengthened more in the present environment. (Babones, 2018, p. 97)

The trade between Japan and China is well over 300 billion dollars yearly that signifies the importance of peace in the region. A few arrests incidents of fishermen have occurred along with military warnings in the disputed islands’ region but still forces have not been used by either side. The outcome of a possible clash between the two countries would be very fatal because Japan and US have already bounded in a “Mutual Defence Treaty”. When dealing with Seoul, the Beijing’s role in North Korean nuclear arsenal is not hidden, however Seoul shares the Chinese version of regional security. This behaviour is adopted for a better and congenial atmosphere to manage relations with a regional giant as Pyongyang is sharing borders with China. (Hanban, 2018, p. 76)

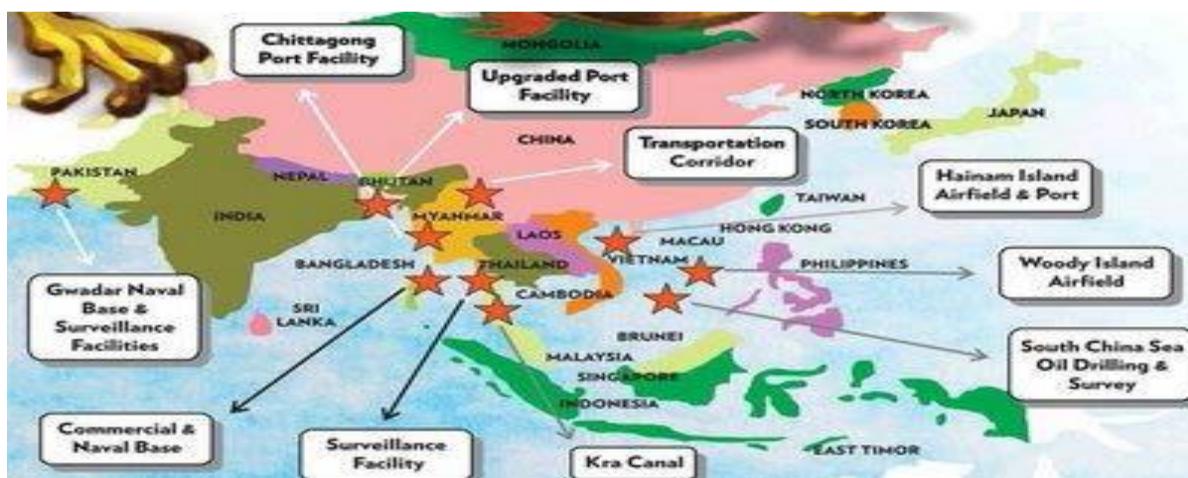
6.7 The Origin of Chinese Strength:

Being an economic giant, China has been expanding its influence in the region. It is worth-mentioning that China has contiguous boundaries with South Asia. It is predicted that by 2020, with such extraordinary growth rate, China would turn into the world largest economy. Moreover, China is not only progressing at a record speed but she is also playing very maturely in the international political scenario because futuristically, Chinese role is very significant in the international politics. (Cassaway, 2011, pp.1-24) To be able to have leading role in the world, China will have to be dominating international politics. For this, China will have to assume the role of a balancer in the world affairs otherwise she will not be accepted as leader. In addition, China's two ocean strategy, new Silk Road and controlling waterways have gained its true momentum in 21st century.

Specific to Indian Ocean Strategy, China wants to play its role to achieve two major objectives; one, to preserve its historical connection and two, to protect the supply routes for its exports and imports. However, the main focus of strategy rest on the protection of routes of oil supply. For this purpose, China will opt for enhancing its military capability because of its economic strength; therefore the translation from economic power into military power will be the ultimate outcome of economic progression. This translation will be a source of concern for baffling entanglements of US in the region. (Mearsheimer, 2001, pp. 235-240) In this direction, China is revising its

military doctrine for PLAN to fight a war in Sea under intensive technological conditions to improve the Navel capability. To accomplish the objectives, China has already outlined to deploy two aircraft carrier battle groups in Indian and Pacific Oceans. (Beckley, 2012, pp. 41-72)

Map Presence of China in Indian and Pacific Oceans

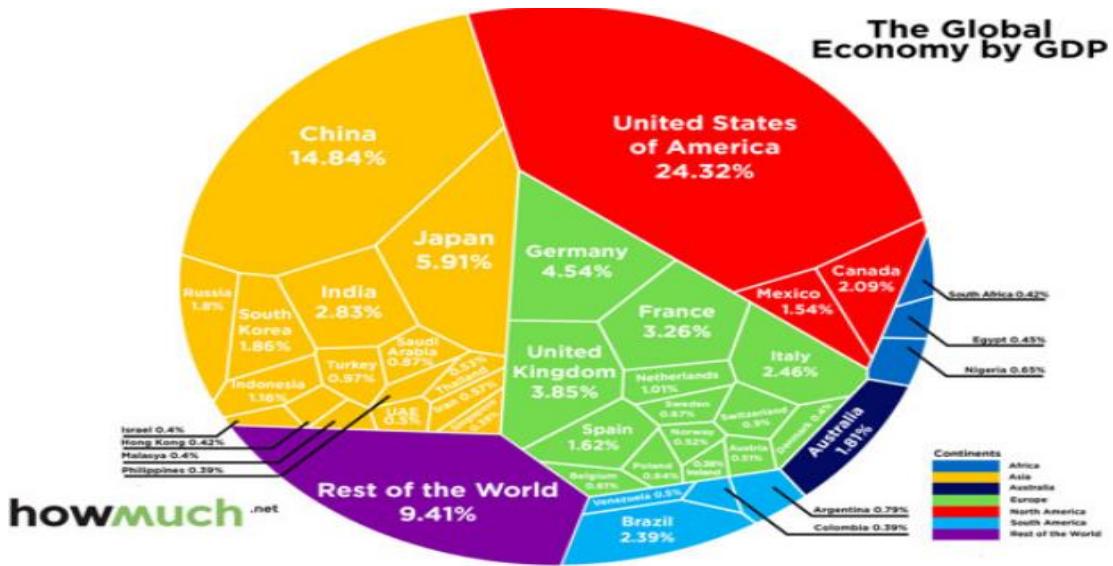


Source: www.thediplomat.com/2018/04/chinas-maritime

With all such preplanning, China will still continue the non-interfering policy; however, attributing to threats, China will exercise its influence in the regional showdowns. On the other hand, China has desired to get dominant role in the world politics. This can only happen when China adopt some workable plan for a commanding status in the areas of its choice. In the Indian Ocean, China views the US' presence with concern being supported by India. About 11 mbpd oil import of China is transported through Indian Ocean whereas domination of waterways by India is creating lot of

difficulties for China. (Lin, 2011, p. 76) This transmits a candid signal of containment of China whereas due to the US troop's deployment in the region, the Chinese presence has always been threatened. (Fazal-e-Haider, 2007, p. 45) China is aware about the increasing influence of India in Indian Ocean. To counter "US-India Strategic Partnership" China has been working on various initiatives in the region like initiation and cooperation initiatives in the regional ports of Gwadar of Pakistan, Sri Lanka, Myanmar, Bangladesh and dry port at Lhasa. (Singh, 2012, p. 75)

Figure - 4. The Global Economy by GDP



Source : IMF official website

According to Morgenthau, the factors of national power are divided into "tangible and intangible elements". National power is a foundation for a state to be respected Internationally. The intangible factor like diplomacy is dependent on military

preparedness and national economy. This is where China leads the world, if the results of diplomatic efforts are based on the military potentials, then China would always stand a chance to succeed. This way the enhancement of the defence budget is directly proportional to the chances of success in diplomatic efforts. No doubt, China is a host of world's largest armed forces and it has to its credit of various achievements like the nuclear weapons, J-20 aircrafts, "Beidou Satellite Navigation System" etc. There is a series of criticism that applauds the Chinese military, however, China has never used these weapons in a war therefore the credit given to China for these weapons will remain hypothetical. (Hundt, 2010, p. 16)

As Beijing believes in "no publicity" therefore secrecy is maintained when it comes to national security, however, to study about the Chinese national security objectives, experts rely on the "white papers and statements" by their military personnel. The list entails fundamental concepts like sovereignty, national security, stabilization of political order etc. The strategies adopted by the Chinese military are, active defence and local wars. (Zeng, 2012, p. 87) It will only respond to an aggression whereas modern technology has made the wars limited, so a quick action response is needed. A coherence has to be maintained between military spending and economic growth; a "disproportion leads to a collapse", however, China is not the place to fit this concept. The Goldman Sachs study claims that China would surpass US in 2027 as the largest economy of the World. (Callahan, 2008, pp. 113-120)

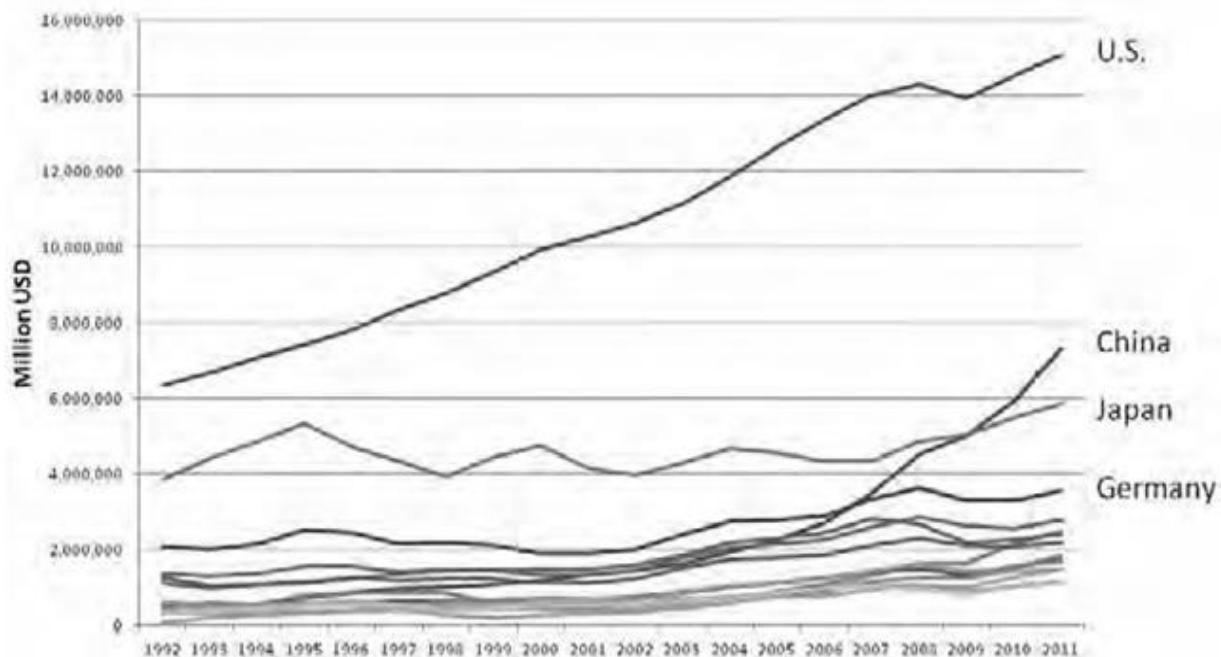
The leadership of China has tirelessly worked to continue growing at an exponential rate. It has challenged US and European markets and out marketed products on the basis of low cost production. Multinational companies have started to build their factories in China with a courtesy of cheap factors of production etc. So this concept of free markets is only helping China to oust other economic competitors from the global market. Economy shapes global and domestic political landscape, therefore, the significant feature of Asia-Pacific is its host states relentlessly pursuing to generate wealth and improve economic growth. Over the period of time, these dedicated efforts have gradually changed global geostrategic power structure. Proportionately, it has increased the influence of Asia-Pacific in the international politics. Presently Asia-Pacific annually holds approximately one third of world Gross Domestic Product. The distribution of economic growth is projected to continue its inclination towards Asia-Pacific region. (Lin, 2011, p. 61)

6.8 Geo-strategic Implications of Rising China:

Rising China is leading the economic growth in Asia-Pacific region. In 1978, China initiated its modernization programmes therefore it was anticipated that China's struggle would generate significantly. A decade later China's economic growth was witnessed to be progressing at steady pace. The illustration explicitly depicts that China transformed into 2nd biggest global economy after US. Nonetheless, China has become a key player in global economic progression in the last three decades and UN has recently

declared China as global growth motor. Napoleon remarked, “When China awakens, it will shake the world.” In all worldly characteristics like geographically, demographically, and culturally, China is making a great power and once it rises to its peak, it will have a deep global impact. (Howorth, 2010, p. 36)

Figure - 5. China's Economic Growth



Source: IMF website

An important factor of rising China is the substantial pressure that is mounting on the initiation of Sino-US transition of power. The same is very much important for the contemporary and future global relations. In view of current economic development, China will attain a great power status. Therefore, it is more likely that China will

challenge the US led global order by entering into conflict with US and its allies. For this probability, the significant rationale is available in discourses. **Firstly**, all rising great powers in past made an effort to alter the global order which in their view did not satisfy them, therefore, why should China be given exemption not to bring changes?

Secondly, China is ruled by an administration, whose fundamental values do not conform to the US and her counterparts, thus Sino-US conflict over the fundamental values of contemporary global system may be an inevitable phenomena. **Finally**, China has all potentials wherewithal to rise to a status of great power, therefore will surpass US in future. China deems to make a new world in its image, hence apparently, Chinese threat is just natural uproar in circles of US and its allies. It accentuates the fact that Sino-US transition in power is not as usual great powers contest, but a colossal transfer of brinkmanship of the world that by tradition has paved way for the transformation of global leadership politically, economically, culturally, and that too coupled with other facets of the global system. (Kang, 2009, p. 96)

6.9 China's Policy of Peaceful Rise:

History reveals that transitions in power are always achieved with some cost. In fact, great powers in past have aggressively settled their divergent issues and comply with the changing dynamics of global relationship with atrocities throughout the history. Thus, Sino and US leaderships are very much cognizant of this important facet. The US has been well aware of the Chinese threat ever since China undertook economic

initiatives for development. China, in response follows a cautious course so that its rise may not be disrupted if it engages prematurely in any confrontational course with US. Hence, in an effort while countering the alarm of Chinese threat, China gave out its policy of peaceful rise. (Hanban, 2011, pp. 74-80) Significant elements of Chinese declaration are; **one**, US domination will not be challenged until and unless US stamps on Chinese prime issues like its sovereignty and territorial integrity, **two**, Chinese leaders do not want derailment of current global order; rather it strives to incorporate itself into present system, **three**, China pledges not to commit follies of past dominant powers involved in power transitions processes. (Ackermann, 2014, p. 132)

6.9.1 Flash Points in US and Chinese Relations in Asia-Pacific:

The Sino-US transition of power will take some time to develop into a reality; however, Asia-Pacific has already been converted into a battle ground in terms of contemporary developments in the US-China relations. Old issues of both states coupled with China's regional territorial disputes with neighbours have attained enough importance. Thus, the US-China interaction in Asia-Pacific needs to be correctly evaluated, while looking at the key issues. Currently time and methodology in handling its disputes with other nations are very much crucial for China. With regards to time and space, Chinese leaders aspire for non involvement in clashes with the other states since long in order to gain time for transferring China into a powerful state. (Rudd, 2018, pp. 65-74)

Evidently, China desires a conflict spree atmosphere for economic growth. Chinese fear that early embroilment in conflicts would delay or even overturn its mission. As per global norms, a state controlling a disputed land is well placed to win the case. It is also a recognized principle in the International Court of Justice (ICJ) that controlling a land piece always gives a legitimate right to win the case. Thus, China does not have the luxury to wait for next 30 years for the disputes settlement. In this regard, the choices with China are limited for aiming at dispute settlement mechanism. (Babones, 2018, pp. 121-132) China aspires for a peaceful rise therefore forceful settlement of disputes if any will furnish affidavit to the uproar and compel disputants to join hands against China. However, sufficient proof highlights that China is developing a mechanism to evade this dilemma. (Changzheng, 2013, pp. 133-143)

On the other hand, US is striking a balance in relationship with China and other states partied to the disputes. Undertaking small actions here and there by the regional states against China may infuriate Chinese to take stern actions against its neighbours. Nonetheless, rendering extra ordinary support to disputants would exasperate China and it may embroil US in undesirable conflict with China. Thus, these are perilous repercussions of the US rebalancing to Asia-Pacific. (Xiangwei, 2018, p. 86) The Sino-US competition is a source of income for the Asia-Pacific States, particularly those of Chinese aspirants to strengthen their standings. Disputants have limited options of how to accrue maximum benefit out of the US card and bolster their standing on the disputed

reefs with China while remaining neutral between US and China in other competing issues. (Chase, 2005, pp. 362-382)

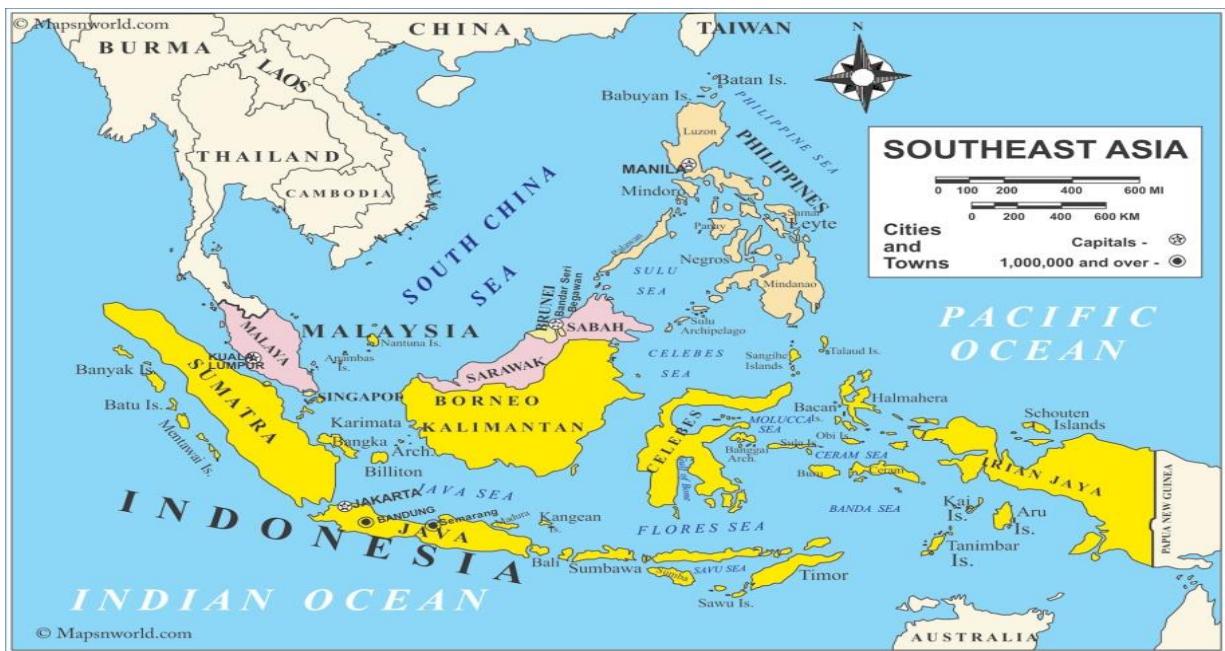
Sino and US directly involved in a conflict for the destiny of Taiwan because China has a declared stance to reunite with Taiwan. It has pledged to resort to any aggressive mean for attainment of this object in case of failure of other measures. (Bert, 2003, p. 78) US has carved a Taiwan Relations Act to guarantee the present status of the island nation. Taiwan has undergone a societal transformation to industrial class from an agrarian society and democratic status from dictatorial rule. The struggle between two important political parties including Kuomintang and the Democratic Progressive Party over issue of state independence or preserving same status have led to internal clashes in Taiwan between both parties. The DPP is struggling for the former, and the KMT is upholding the latter. (Chase, 2005, pp. 362-382)

6.9.2 The Sino-US Engagement in Southeast Asia:

South East Asia is strategically important region situated at the junction of the Indian and Pacific oceans and hosts Key Sea Lanes of Communication. It includes Malacca Strait which is vital for sustenance of China, South Korea, Japan, and a number of other Asian states. US has been using these Sea Lanes of Communication extensively since long whereas Nicholas J. Spykman has already described the area as key area of conflict for major powers. Southeast Asia comprises of eleven states with approximately 620 million inhabitants, whose accumulative GDPs is US \$ 1.6 Trillion. The land is

stretching across approximately 4.7 million square kilometres, with vast oceanic stretch of over 7.6 million square kilometres. Most of the nations in Southeast Asia are either peninsular or insular or with stretched coastal areas. The regional maritime exports and imports are extensively growing. The economic and geographic factors dictate the importance of the key waterways. These bottle necks are making the area highly important for imports and exports. Closure if any of these SLOCs would definitely raise the freight rates in the entire world. (Herlevi, 2017, p. 59)

Map of South East Asia



Source: MapsNWorld.com

After analyzing its relations with the Southeast Asian States, Chinese leadership has been consistently working to improve its friendly relations with the regional states. Yet there are certain factors with which Chinese leaders cannot comply with. **Firstly** their refusal to accept that an ideological divide was a big hurdle in the Chinese endeavour in promoting a long lasting brotherly relations with its neighbours. With the passage of time when the regional states would follow democracy then they would find difficulties to understand the Chinese versions of governance, rule of law and human rights universalities. People will differ and argue that it may not come true however common interests based on cooperation are valued in establishing and then maintaining durable friendship. For a friend, common values do matter to any extent but these values bind friends together. (Hanban, 2011, pp. 167-176)

Secondly, China gravitates to disregard any move of Southeast Asians because the Chinese power potentials ratio is quite high to deal them individually. Under such circumstances, it is quite natural for the Southeast Asians to establish linkages with ASEAN and extend to rely any major power like US to counter China. This strategy does not require any think tank rather it is a natural phenomenon to opt the way they are comfortable so that they could proceed with their national goals. The adopted strategy is best course of action because why shouldn't Southeast Asians try to achieve something best from the situation of Sino-US competition. They have excellently carved and pursued a stratagem "called by a Southeast Asia specialist Omni-enmeshment and balance of great power influence". (Xiangwei, 2018, p. 86)

Map of South China Sea Islands



Source: MapsWorld.com

Finally, the Chinese declare that the disputed islands in South China Sea belong to them and the opponents have stolen them from China. The Chinese believe, “They would eventually possess the requisite power to recapture the stolen territories.” They are also convinced that the opponents should not have any misconception about such conviction. On the other hand, South China Sea covers parts of Southern fringes of Pacific sprawling from Southern part of Taiwan to Strait of Malacca. The region harbours various scattered reefs, rocks and islets straddling neighbouring “the four isles groups” well-known “as the Pratas in the northeast, the Macclesfield Bank in the middle, the Paracel Islands in the west, and the Spratly Islands in the south”. Most of the rocks and reefs are immersed in water and only observable at the time when tides are at the

lowest, hence, in this sea, giving an exact count and numbering various features are very difficult. (Ackermann, 2014, p. 63)

China has a history to keep working and fishing near and in surroundings of the disputed islands in the region. Chinese officials keep moving and take errands of the surrounding areas far enough on one or the other pretext and then go back to their original locations. In fact, initially, Chinese officials called and named them for landmarks during sea navigations, and then keep endeavouring to include them in jurisdiction of south China coastal provinces as China territory and marking them on maps as well. By the early 1970s, there were speculations of vast deposit of fossil fuel and natural gas in South and East China Seas. However, UNCLOS clause of 200 nm EEZ encouraged the South China Sea littoral states to rush for controlling their shares in South China Sea islands. (Zhou, 2018, p. 52)

6.9.3 Reorientations of US and China's Priorities and their Stances on Disputed Claims in the Region:

Taiwan Strait crisis resulted from the 1995-96 tug of war based on multifarious issues. In fact, the incidents were the turning points in Sino-Taiwan-US relations. **Firstly**, the Taiwan independence issue surfaced and developed into a contested issue in Taiwan's political stream. **Secondly**, US in accordance with Taiwan Relations Act symbolically initiated the first military intervention. **Finally**, China activated to counter it through its two pronged strategy i.e. quest for independence of Taiwan and military

intervention by US. (Chaturvedy, 2012, pp. 1-5) In 2000, presidential election was won by Democratic Progressive Party and it also culminated the 50 years rule of the KMT. By controlling the govt affairs, the DPP promoted its cause through an all-out campaign. DPP also achieved victory in 2004 elections and initiated stringent steps for independent Taiwan. Thus, conditions paved way for strained Sino-Taiwan-US relations. China actively responded to the Democratic Progressive Party's strategy and in 2005, netted an Anti-Secession Law. (Chao & Hsu, 2009, pp. 151-163)

In line with law, circumstances were highlighted where China would resort to aggression against Taiwan. US followed a cautious approach and then ex President George W. Bush warned both the leaders to take unilateral action on issue of changing the Taiwan status. Thus, US assisted in stabilizing the security status in Strait of Taiwan by clarifying its stance on the issue that had perplexed Sino-Taiwan for long time. (Chen, 2010, pp. 6-20) In 2008, the DPP-led regime ended and KMT reinstated to Taiwan govt through a comprehensive victory in legislative as well as presidential elections. Union with China under democratic principles is a goal of the KMT, pronouncedly when China would be democratized. The KMT also eased China's concerns for not pursuing Taiwan independence and asked China's assurances for non-aggression. Nonetheless, the KMT's put forward a policy of say no to three main objectives i.e. Non-aggression, No-independent Taiwan and No-unification. (Lin, 2011, p. 82)

China reciprocated positively and in a good will, China opened its air and sea routes for Taiwan. China also inked an "Economic Cooperation Framework Agreement

and a Preferential Trade Agreement" with Taiwan with objective of slashing tariffs and commercial barriers. (Cheong, 2013, p. 145) The conflict is not going to end as US is committed to support pro-independence forces (DPP) and China lacks enough force in coming times to culminate this contention though hawkish Chinese favour confrontation. Nevertheless, US sales of defence hardware to Taiwan will be a test case for gauging limits of both states patience. In short, while there are constructive trends in the Sino-US relationship over Taiwan, chances of war on the issue needs to be carefully handled. (Kim, 2015, p. 76)

On the other hand, in the Western Pacific, US Forces manoeuvres in the Chinese EEZ are another irritant in Sino-US relations. The problem emanates from divergence of opinions on the legality of active US combat manoeuvres in the region. The difference of opinions has led to violent confrontation in Western Pacific. (Zeng, 2012, pp. 58-60) Thus the factor of the Sino-US transition of power has only made this matter more litigious. On the other hand, Northeast Asia lies at a juncture of world five powerful states to include China, Japan, South Korea, Russia, and the US. Globally, China, US, and Japan are the largest economies and US, Russia and China have the largest defence forces. Politically, Japan, US, and South Korea are the largest democracies whereas China and Russia are possessively an authoritarian states. Naturally, there is a conflict of interests, but it is hard to render concessions on the national interests. (Chey, 2009, pp. 450-467)

Ironically, the North Korea nuclear issue offered five powers a common perspective and compelled them to cooperate. However, since 2010, resurfacing of conflicting issues among the five powerful states has driven them distantly. Core issues are regional territorial disputes specifically of Japanese disputes with South Korea and Russia but pronouncedly the ones with China. However, the involvement of US as a major stake holder in the disputes has further complicated the issues. The Sino-Japan Dispute is categorically one of volatile territorial dispute in Northeast Asia. In the East China Sea, two linked disputes since 1970s are; the demarcation of marine frontier of both countries and the legitimacy over the ownership of Senkaku/Diaoyu Islands. Thus, settlements of both disputes are closely linked with each other. (Lin, 2011, p. 56)

China and Japan are maritime neighbours across East China Sea, having eastern coastline of China in Fujian Province and Shanghai that lies towards east has Ryukyu island chain of Japan. Since long time, there was no Sino-Japan maritime boundary. (Christensen, 2006, pp. 81-126) Nonetheless, with the dawn of the UNCLOS, both states deemed the necessity to demarcate the maritime frontiers in and under the sea. Two significant clauses have been highlighted by UNCLOS for the re-distribution of the global commons i.e. oceans; firstly, littoral states could claim 200 nautical miles of Exclusive Economic Zone and secondly it permits oceanic states to increase the continental shelves limit to 350 nautical miles off the coasts. (Zeng, 2012, p. 90)

Map of North East Asia

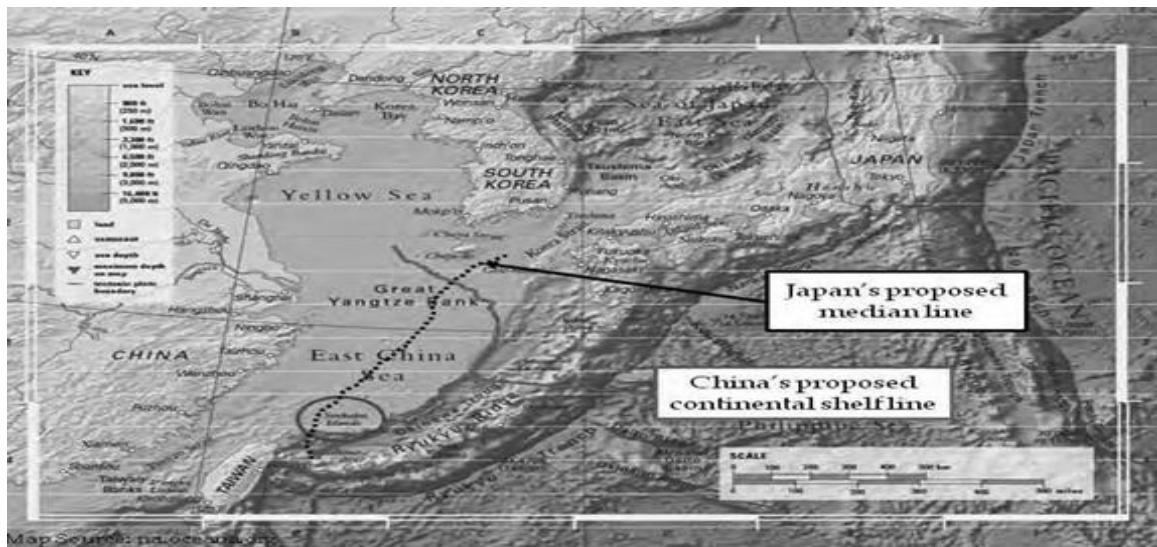


Source: www.natgeomaps.com

These clauses paved way for overlapping claims, which served as irritants in relations of neighbouring littoral states, therefore, with the initiation of UNCLOS, both states failed to reach an agreement in 1982. (UNCLOS - Appendix 6) However, both the states conciliated to pursue the regulations of International Body to include the International Court of Justice (ICJ) and whatever procedures they adopt, they ought to have an official accord on the delimitations. In November 1994, the UNCLOS came into effect. After a span of two years, Japan declared a 200-nm EEZ all around through this Law. In response China in 1998 declared 200-nm EEZ along its coastline including “its offshore islands in line with its EEZ and Continental Shelf Act”. Strangely, the claims of

both Japan and China were overlapping the common line in the particular area. (Herlevi, 2017, p. 73)

Map of Sino Japan EEZ Dispute

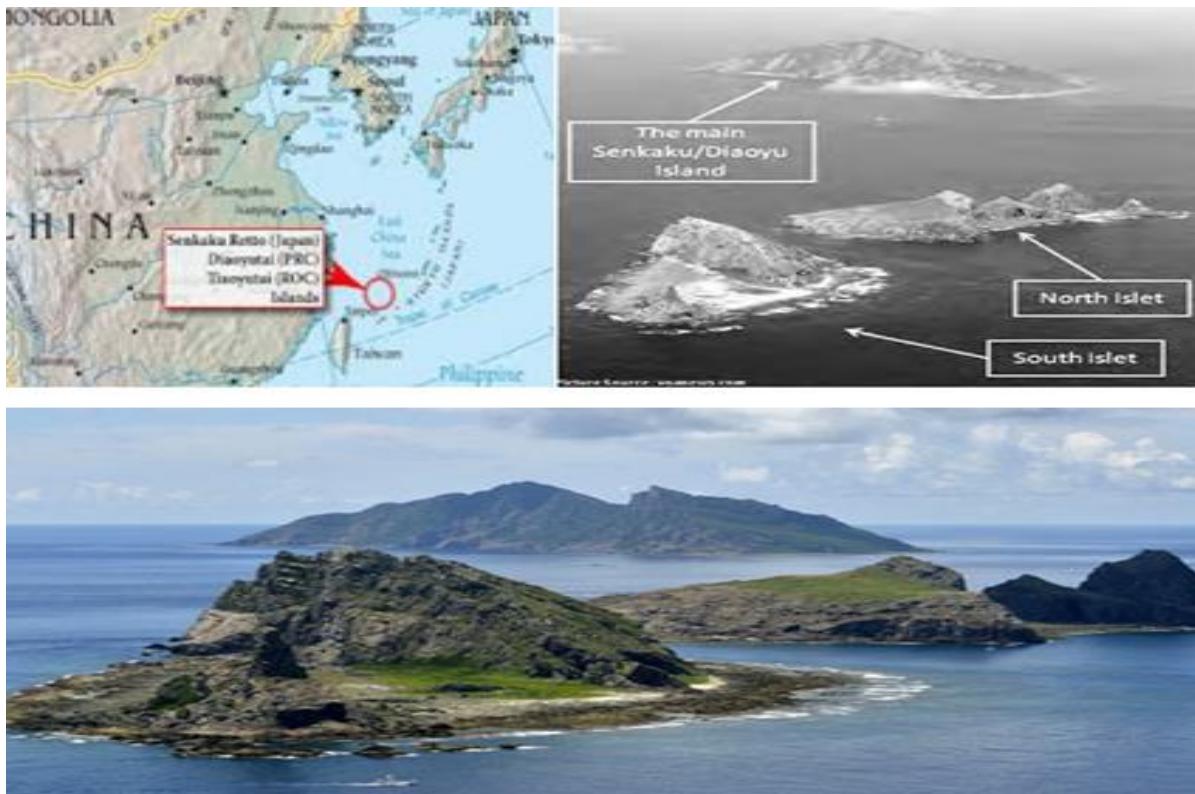


Source: www.na.ocean.org

Overlapping Claims in EEZ have greatly affected the states relations and above all their work on exploration of natural resources in the disputed waters. The case in point was the Japanese protest on the drilling and other exploration of natural resources of China near the disputed line. The EEZ dispute got further complexed when the relations of both states got strained over the ownership of the Senkaku/Diaoyu isles. Senkaku/Diaoyu islets comprises of three small unoccupied isles and five barren rocks, hardly identifiable in the ocean. (Wasiński, 2014, pp. 205-216) Islands are located at the

periphery of continental shelf in “East China Sea and the southern extent of the Okinawa Trough”. Though materially islets have no price but politically and economically high stake costs are attached with them for both the sides. (Chao & Hsu, 2009, p. 75)

Map/Pictures of Senkaku / Diaoyu Islands



Source: www.telegraph.co.uk

In fact, the speculation of large fossil deposits in East China Sea made the clashes over these islands more pronounced between the two states. Moreover it was also anticipated that with the ownership of isles, states could claim a significant share of

natural resources under sea, involving an area of approximately 20,000 square nm. Thus, a claim of Japanese median line delimitation was related to the islets belonging to Japan with both EEZ and continental shelf, as per UNCLOS. Moreover, in case Chinese get possession of the Isles, technically, it will claim the right on extended continental shelf. This would also entitle her for the valuable fossil assets thus, both sides cannot afford to give up their claims. (Zeng, 2012, p. 63)

Nevertheless, politically, the states' reasoning for the conflict over isles is very important. In order to achieve a status of great maritime power, both states are fighting over disputed EEZ and the occupancy of the isles as a test case for Sino-Japan aspirations. Additionally, Chinese also consider that it is a direct Sino-US conflict due to US alleged stance in crafting this Sino-Japan dispute. Moreover, US has commitment to stand with Japan in case of use of force by both sides over isles, and in short, it is also a test case of Sino-US power potentials in Asia-Pacific. (Tantri, 2012, p. 58) In 2012, the Sino-Japan confrontation over the issue came to limelight when both states had taken stern actions that had primarily altered the path of defining the issue and led to straining both states relations.

Sino-Japan conflict around the disputed isles have levitated from a fishing boat bangs to a big patrol tanker stand offs, "Chinese State Ocean Administration Vessels versus Japanese Coast Guard Ships". (Beckley, 2012, pp. 51-65) The situation escalated to the extent that the PLA navy had dispatched vessels to carry out surveillance of the disputed waters. Consequently, the US has also undertaken various steps to prevent the

clashes and stressed Chinese counterpart to reduce active engagement around the isles. US demonstrated its reaction capabilities by actively carrying out manoeuvres in Western Pacific by involving its aircraft carrier. More recently Chinese have included the islands in Air Defence Identification Zone (ADIZ), where all aircrafts are supposed to inform Chinese control towers about their passage. (O'Rourke, 2017, p. 42)

6.9.4 Territorial Status in South China Sea:

In 1990, the quest for territories remained active and regional states have claimed the following status in South China Sea:-

- a. Pratas Islands - They are under control of Taiwan, but China claims it's as disputed.
- b. Paracel Islands - They are under control of Chinese authorities, but it is disputed by Vietnamese authorities.
- c. The Scarborough Shoal - This is a disputed among Chinese, Taiwanese, and the Philippines authorities.
- d. The Macclesfield Bank - This is a disputed among Chinese, Taiwanese, and the Philippines authorities.
- e. Spratly Islands - It is a dispute among Chinese, Vietnamese, Taiwanese, the Philippines, Malaysians and Brunei administrations.

Moreover, there are total **30,000** features and approximately **50** are considered as isles. Presently status of occupation of regional states is listed below:

- a. Chinese govt occupies **six**.
- b. Vietnamese govt occupies **twenty nine**.
- c. Malaysian govt occupies **five**.
- d. Philippine govt occupies **nine**.
- e. Taiwanese govt occupies **one**.
- f. Brunei govt has no claim, but it holds a dispute on EEZ.

In backdrop of above mentioned claims, Chinese authorities continuously declare them as the sole possessor of all the isles in the region whereas they allege other states for occupancies of Chinese territories. Vietnam is the second largest claimant. In addition to the disputing Paracel Islands with Chinese, Vietnam also declared Spratly Isles as integral territory. Thus, with this declaration, Vietnam is in direct confrontation with Taiwan, China and rest of neighbouring states to include Philippines, Brunei and Malaysia. Chinese authorities were displeased with rush of rest of disputants for controlling isles of South China Sea. In 1974, China forcefully regained control of vital locations of the Paracel islets group from Vietnam and again in 1988 employed force against Vietnam for the battle of the Spratly islands group. Similarly Sino-Philippines armed conflicts have occurred over the disputed areas. (Rudd, 2018, pp. 180-191)

To settle the disputes and dealing with disputant claimants, Chinese leadership always averted the US involvement in the regional disputes. Chinese are very apprehensive to the US stance on these disputes in China Seas. US has been alleged that

the disputes in China Seas had been created by US for her own vested interests. Initially, US had publicized the disputes in 1951 at peace conference held at San Francisco. On the other hand, China was also not happy with US for openly utilizing the South China Sea to inflict war on Vietnam; Vietnam was used for transportation of troops while using its air and sea spaces. US overlooked the Chinese claims and protests, thereby converging on South China Sea and South East Asia to use as one of the three pacts to include SEATO, US-Japan-Korea alliance and the US-ROC (Taiwan) defence agreement against communists during the initial stages of Cold war. (Mills, 2015, p. 23)

In the wake of Sino-US rapprochement in 1972, US reconciled with the disputes on South China Sea islands. During that period, US didn't react to China's combat operations against Vietnam in 1974; Chinese-Vietnamese navies clashes over the Paracel, 1979, Chinese-Vietnamese Border conflict and 1988, Chinese-Vietnamese navies clashes over the Spratly. (Chien-peng, 2004, pp. pp. 989-1009) However, in 1994, China again got frustrated when US took stand on PLA conflict with the Philippines by cautioning Chinese to gradually advance in China Sea territory while declaring that US-Pilipino defence treaty would be mean to have on board the Pilipino claims on isles. Chinese leadership has adopted a wary approach towards US stance on management of disputes in the region at the end of Cold War. US openly declares to be neutral but China views US position to be siding with South East Asian disputants. (Howorth, 2010, p. 69)

Currently, the Chinese visualize the growing US domestic pressure on the US govt to undertake stringent measures against Chinese. US anti-Sino critics firmly urge

the US administrations to follow proactive approach in the region. In the wake of China's military modernization, US is deeply concerned that it is leading to strategic imbalances in South East Asia and intimidating US navigational freedom including the harassment of US surveillance ships and flights. Regional states emphasize US authorities to revisit its Chinese strategy in the region while urging the US administration to assist and support the claims of Malaysia, Philippines and Vietnam. Experts believe, "In the near past, States have responded positively and endorsed China's calls for gradual reforms in Asia-Pacific." In 2017, the interstates tensions have remarkably eased up because of the mutual efforts undertaken by opposing parties. (Zhou, 2018, p. 52)

This resulted in a breakthrough agreement between China and ASEAN on "the draft framework for the Code of Conduct (COC) in the South China Sea, coming some 15 years after the parties first committed to such a code". (Xiangwei, 2018, p. 63) Chinese commitment to promote COC has been appreciated all over the world. William Overholt (2018) argues, "China continued pro-activeness in working with other countries in the region on major issues at various multilateral platforms such as ASEAN, the East Asia Summit, Asia-Pacific Economic Cooperation, Xiangshan Forum and at the upcoming Shangri-La Dialogue." He explains, "China has the potential to further contribute to Asia-Pacific security and development." The regional states hopes, "China's regional policy in the coming decades would be founded on Beijing's desire to play a positive leading role in the Asia-Pacific". He stresses, "Decision-makers in China and regional

countries should seriously contemplate how their respective decisions and policies could help to bring about such a positive outcomes.”

6.10 Conclusion:

The Asia-Pacific is no doubt the future global growth engine in unfolding Pacific Century. To get the desired results the present regional environment needs to harmonised through active participation of China. Indeed, the region is highly lucrative region for trade, manufacturing and foreign investment along with other main business facilities. Therefore Asia-Pacific, with its inherit economic growth is all set to transform into growth engine of the Pacific Century. The regional states are finding hard to choose partners but definitely they know and calculate their approaches and responses in view of their national interests. However, Chinese rising as great power has its own meaning and its unfolding for the world in general and Asia-Pacific in particular is very important.

CHAPTER - 7

US' REBALANCING STRATEGY AND CHINESE COUNTER NARRATIVE IN ASIA-PACIFIC

7.1 Introduction:

Mrs Hillary Clinton ex Secretary of State remarked in APEC Summit in November 2011, that with the transition in Afghanistan and conclusion of war in Iraq, US had arrived at a pivot point from where it reoriented its focus on Asia-Pacific. In addition, she also reiterated that a Trans-Atlantic Network was framed in 20th Century by US and now the same thing was being repeated across the Pacific. (Shanske, 2012, p. 75) Moreover, a number of statements issued in 2011, and a chain of steps were taken by the Obama's administration for aggrandizing the previously compelling role of US in Asia-Pacific. It was also reiterated that this region was singled out while having an absolute geo-strategic prerogative. Therefore, US has to pay off greater consideration over the large scale spectrum of the conflicted area.

The anecdote of the rebalancing phenomenon does not give the impression of US' disentanglement and re-entanglement in Asia-Pacific region. Nevertheless, in US policy, a variation can be clearly impersonated. Rather it was considered to be the affair of great

importance which was built on the underpinning of US and its relations with Asia. After the WWII, US was commanding national tempts and interests in the Asia-Pacific and it was genuinely engrossed in many dimensions. These were economic, military and diplomatic dimensions, which could be referred to the fact that US was active in the region throughout the cold war. (Lai, 2011, p. 39) It is also worth noticing that after the cold war, the govts of President Bill Clinton as well as the President George W. Bush remained committed in Asia-Pacific.

However, the strategy of Obama's administration in Asia-Pacific disclosed in later part, evolved through two important phases. In 2011-12, the strategy of US remained focused on military aspects. In response to the strategy, China deprecated strongly all the steps of US govt and at the same time manifested power projection in the areas contentious with the US' allies. (Novikov, 2014, p. 93) Later on, the US govt dramatized its military initiative and focused on economic and diplomatic components of the strategy. Mrs Hillary Clinton ex Secretary of State explained to the world that 21st century would be the US' Pacific Century, which would be an age of specific partnership and outreach of the region. (Stuart, 2012, p. 53)

7.2 Pacific Power Projection:

US had been projecting itself as a Pacific regional power and appropriately be called as "Pacific Power". US re-engaged itself with Asia-Pacific immediately after the announcement of ex President Obama as "Pacific President", owing to his Indonesian

childhood and Hawaiian origin. In this way, US was building diligently stronger links with Indonesia and improved its commitment with ASEAN through “Treaty of Amity and Cooperation (TAC) and then joining the EAS”. Special efforts were made to renew its alliances with the regional countries including Thailand, Japan, Philippines, Australia and South Korea. Concurrently, US took a forward step on the issue of “Liberty of Navigation in South China Sea and called it as a matter of US national interest”. (Dian, 2015, p. 74)

In Asia-Pacific, US mainly depends on its major allies including South Korea, Japan, Australia, Philippines and Singapore. Australia is the oldest and newest ally with the title of best friend therefore, Australia has been conferred with apportioned of Marine Base in Darwin on rotation basis. Singapore had prevailed as an important partner located at the entrance of Malacca Strait. Singapore has been used as junction point for conducting training and logistics to US air force and Navy. US navy has been using Singapore as base station to send their ships on rotation hence, reflecting its whole hearted credence on Singapore. In a given environment, the deployment of sophisticated weaponries at Malacca Strait entrance of Southeast Asia against an assertive opponent is a reflection to dominate waterways while negating its use to the opponents. All these activities hint upon the pivot strategy for sidestepping. (Wroughton & Golovnina, 2013, pp. 86-90)

In addition, along with maintaining its bases in Japan and South Korea, ex President Obama concluded a visit to Philippines and announced Defence Pact. He

further hinted to establish US bases in Philippines. Moreover, managing Guam as base permanently was an indication of the same pivot strategy. In addition, US close economic and defence cooperation with Taiwan, Vietnam, Thailand, Malaysia and Indonesia along with managing cordial relations with Asia-Pacific countries reflects a design cobbled together with strong reasons to doubt the US intentions. Beside the conduct of joint exercises, US had involved to provide high tech equipment including surveillance radars to Indonesia and South East Asian States to survey Sunda and Malacca Straits. Contrary to the above facts, US and China were making their efforts to come close and brush aside the differences. They had been carrying out joint exercises, visits and other goodwill gestures with each other. However these acts including port calls and exchange of visits at various levels were on limited scale and far outnumbered hence couldn't be termed for reversion to close ties. (Kugelman, 2013, p. 46)

Rebalancing strategy unfolded as 1st batch of two hundred American Marines reached North-western Australia and in November 2011, these troops were deployed at joint Military Base Darwin. It was agreed upon that the time programme of six-monthly rotation would be adhered by both the sides. The move was welcomed by Australian Leadership and acclaimed that in over sixty years of alliance with the US, this was an opening of new chapter. Approximately 2500 US troops with Vehicles, Aircrafts, Submarines and Ships would be accommodated at Darwin and a few would be relocated at Perth. In 2017 and onwards, due to this induction, more military training along with other exercises would be conducted. Previously in 2012, it was reported in the media that

Cocos Islands were also used for launching of unmanned surveillance aircraft. (Sher, 2017, p. 67)

Apart from delineating its military adroitness, the US augmentation in the Asia-Pacific, was mainly a trivial to counterbalance the Chinese preponderance in the region. Resultantly, US was trying to ally with regional states, in particular to Vietnam, Singapore and Philippines which were uneasy with rise of China. Long before, these states were looking at the balance factor of US. (Buszynski, 2012, pp. 139-56) However, as repercussion, the projected US deployment may have devastating impacts and may result to the instigations of cold war like politics. Mr Obama ex President of US had elucidated that the presence of US forces in the region had never meant to encircle China. The US presence, instead aimed to react promptly to any humanitarian or security situation including any issue in the disputed South China Sea. The reaction of US was based on facts and figures which had characterized euphemistically as “Force Posture Initiative”. (Damayanti, 2015, p. 13)

To substantiate to the rebalancing strategy, a first historic trip of Hillary Clinton, ex Secretary of State was made to Myanmar in 2011. The visit was immediately followed by the visit of Ex President Mr Obama to Myanmar in 2012. While appreciating the visit, it was the first visit in 55 years of any US President to Myanmar therefore Mr Obama could take the pride to be the 1st US President to visit Myanmar after long 55 years. The US officials’ visits to Myanmar indicate the deeper engagement of two states as part of the efforts to get rid from the influence of China. On the other hand,

Mr L. Panetta, Ex Defence Secretary, reiterated at Shangri-La Dialogue in Singapore that US rebalancing to Asia-Pacific was underway through a new US military strategy. He explained that about 60 per cent of the equipment and troops would be shifted to the region. (Thomson, 2016, pp. 67-85)

He further told that equipment would be provided to include, "US Navy's assets such as Battle Task Groups, Aircraft Carriers and Nuclear Armed Submarines and other Air Force and Military Assets to South China Sea region and Indian and Pacific Oceans by 2020." These massive assistances were augmented through joint exercises and port calls over the entire breadth and length of the region. (Camroux, 2012, pp. 97-115) Mr Panetta announced, "US military was bringing heightened competences to this dynamic region." He further stressed that US would upkeep the pacts already concluded with Japan, Australia, South Korea, Thailand and the Philippines. He also assured that in addition to the existing efforts, US would promote partnerships with Singapore, Indonesia and India. Mr Panetta declared that the pivot strategy would be a source of integration therefore US' new partnerships and security alliances with these states would prevail. He was very categorical about the US status that US would remain as the only major power for all times of the region. (Sher, 2017, p. 36)

However, Mr Panetta assured in a conference that US had the desires to keep working with China and the strategic pivot was never framed to contain rising China. He amply clarified that ASEAN states would have to evolve their ways and means to settle their issues and should never expect US to be resolving their problems. (Changzheng,

2013, pp. 133-143) While opining on the warning of Chinese reaction that with the announcement of new US defence strategy, US offensive would endanger peace in the region, Mr Panetta said that US strategy would not be directed against China and as such should not be worried about it. Mr Leon Panetta's speech could be termed as the biter one, rather the most bullying in even security vernacularism. It was threatening in near term to be giving "ultimatum or declaration of war". This might be due to many argumentations to include China as rising power, crisis in US internal politics, the declining US economic power and challenges US being confronted in West Asia. (Xinhua, 2013, p. 9)

It seems that all these should be on card to compel East Asian states and ASEAN for joining NATO or similar security mechanism with a view to contain China thereby declaring a beginning of day with a new Cold War. In response to the Panetta Speech, the Chinese spokesman marked the US decision to move various components of Naval Fleet to Pacific was premature and unfortunate. (Chaturvedy & Snodgrass, 2012, pp. 1-5) He called upon the US to respect the Chinese interests in the region. Similarly, Chinese Scholars argued, "US had always followed a two-track policy of engagement and containment with China therefore, considering the new US military attitude as part of a familiar carrot and stick approach." Since then the period of Ex President Mr Bush, US authorities were striving hard to counter the issue of China's rise after Cold War but due overstretching of forces and other domestic issues, they could not concentrate properly. (Rafiq, 2015, pp. 185-190)

To be more specific, the military engagements in Iraq and Afghanistan of post 9/11 in somewhat similar timeframe kept the US so busy and thus, could not articulate a rationale strategy to the mammoth China's challenge until the resumption of office by President Obama in 2009. Ex President Obama govt's initiative was termed as the US strategic shift or rebalance to Asia-Pacific. (Chowdhury, 2013, pp. 1-8) Important parameters of the strategy were highlighted that US would review its strategy in Asia-Pacific while regaining its superiority in economics with continuous support to democratic values, and implementing the regional security order. The accomplishment of this paradigm being a shift in strategic policy was initiated by President Obama Govt. (McMinimy, 2015, p. 14)

The phenomenon of rebalancing is also triggered by the need to reassure US partners, accomplices and other states in the region that US had never been crippled after a decade of war. It further assured that US had never been halted by political and economic headaches at domestic level and at last but not the least to tell the world that US was not planning to extricate itself from the affairs of the region. (Damayanti, 2015, p. 71) The prominent objectives of US' modified policy composed of enlarged field of collaboration which were fruitful for territorial as well as regional states; to make more stronger relationships with all US partners and affiliates than before to include Japan, China, India and Indonesia; and evolve rules and values having compatibility with regional economic and political order.

Mrs Hillary Clinton Ex Secretary of State and Ex President Mr Obama undertook a surprise foremost trip to Asia-Pacific. Customarily, US dignitaries on assumption of office conduct first visits to European allies, but the visit to Asia-Pacific was conveying a strong message that the US had returned back in the affairs of Asia-Pacific. Hillary Clinton, Ex Secretary of state gave her six guiding principles of US in Asia-Pacific; **one**, to strengthen bilateral security alliances with Japan, Thailand, South Korea, Australia, and Philippines; **two**, to deepen its relationships with emerging powers including India and Indonesia, **three**, to engage with multilateral institutions of the region including ARF, ASEAN and East Asia Summit-EAS, **four**, to expand trade and investment through TPP and bilateralism, **five**, to build a wide but centred military presence, **six**, to proceed with democracy and human rights in the region.

7.3 Elements of Rebalancing of Asia-Pacific:

The military parameters of US strategic shift to Asia-Pacific receive the complete focus of entire engagement in the region which was the most pronounced but indeed with controversial features. This component took a prominent deflection because US overstretched its forces both in Afghanistan and Iraq and unless military could have not been given the weightages, the world focus could have not been received. (Dian, 2015, pp. 237-257) It was because of the presence of forces which gives the impression of influence to the opposing sides. It is pertinent to highlight that the policy was multi-faceted to include diplomacy, politics, security and economics etc. Rebalancing of Asia-

Pacific emphasizes three important and pertinent proposals in field of security, economics, and diplomacy. (Nair, 2017, p. 73)

7.3.1 Security Imperatives:

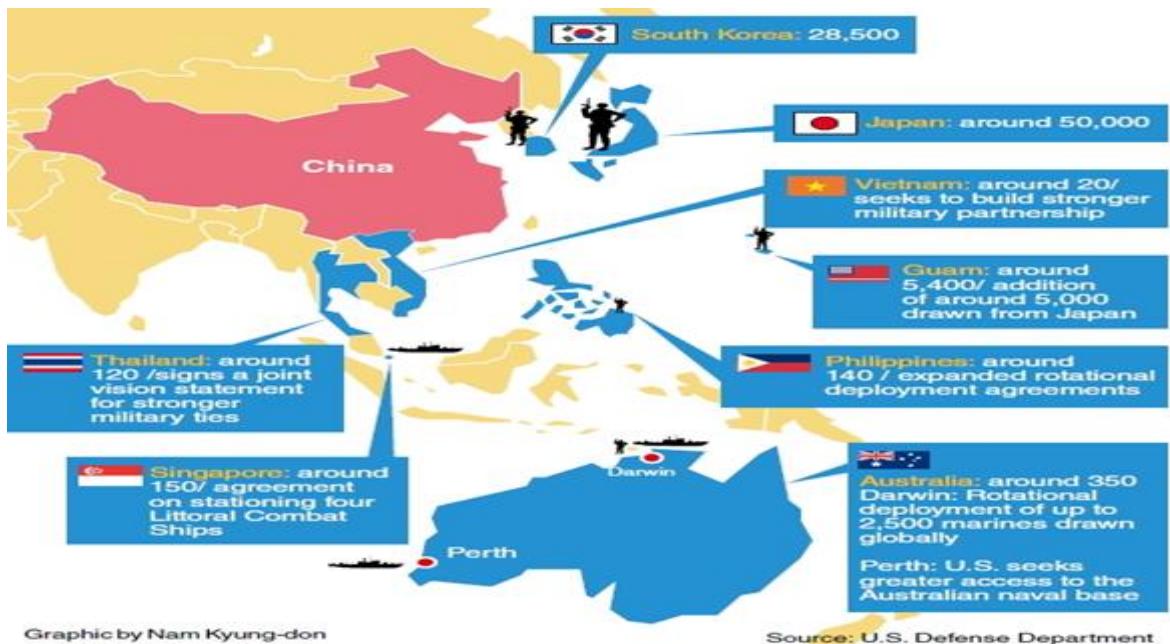
The US Strategic Shift entails that US Govt was considering Asia-Pacific as a vital region especially in backdrop of US drawdown from Iraq and Afghanistan. Rebalance in terms of military aspects highlights the US govt's determination for maintaining well equipped requisite forces in the region in spite of overall decrease in US defence budget. In the wake of the increasing significance of entire Asia-Pacific, establishing a network of new military bases was on the card in line with Obama's new strategy. US forces deployment coupled with conceptualizing of Air Sea Battle was a primary focus of the strategy for power balance and to counter China's regional strategy of Area Denial towards its maritime claims and the Taiwan issue. (Dian, 2015, p. 42)

7.3.2 The Deployments of US Forces and Defence Agreements in Asia-Pacific:

The US strategic shift to Asia-Pacific along with the deployment of forces has inked new defence agreements with Philippines, Australia and Singapore. The agreement with Australia was concluded in April 2012, to deploy 200 to 250 combatants on rotational basis, at Darwin military base for tenure of about six months and then in 2013, the second rotation would take place. The force strength would be increased to 2,500

marines gradually in coming years. In June 2013, Charles Timothy Hagel, Ex Secretary informed that Australia War ship would be included in US carrier strike formation in West Pacific in accordance with the agreement with Australian govt. Similarly in 2013, first of the four US littoral ships reached Singaporean navel port. Moreover, US and Philippines were to work out proposals for new defence pacts formalizing the rotation of stealth aircrafts and US combatants in Philippines and conduct of joint manoeuvres. (Damayanti, 2015, p. 21)

Map of US Deployment under Rebalance to Asia-Pacific



Source: <https://www.defense.gov/> (US DoD)

US Department of Defence while taking advantage of US troops, freed from wars in Iraq and Afghanistan has crafted a regional policy on Asia-Pacific. US leadership along with ex Secretary Hagel promised that reduction in defence budget would not affect the rebalancing of Asia-Pacific. In line with DOD's January 2012 Strategic Guidance, US military leadership proposed to reduce strength of ground troops and minimize the reduction of SEALs. It was due to the regional favourable conditions for naval theatre of operation except Korean Peninsula. Thus, it is an unusual decision focusing on cuts in US defence spending on non-naval forces, reflecting changes in priorities. These changes were implemented in technologies by prioritizing the US defence posture with the object of prompt response for future conflicts. In order to contest China PLA strategy of Area Denial and Anti-Access, it was stressed to enhance the forces potential strength, through approval of continued operational deployment of 11 aircraft carriers. (Nair, 2017, p. 27)

7.3.3 US Military Strategy and its Objectives:

In order to cut down extra expenditures on occupation of large permanent bases, new policy on places have been emphasised with rotation of US troops for various operations. The objective spelled out for US deployment of forces was to have a responsive smaller, agile self sustained and self contained expeditionary force. (Dixon, 2014, pp. 1053-1071) White House in general and DoD particularly had also conceived to step up the level of engagement with allies through carrying out collective training

sessions and frequent joint manoeuvres. These were with the aims to thwart the threat towards achievement of common interest via development of collective capability. Additionally, Obama administration was also seeking alliances with new partners' like India, New Zealand, Vietnam, and Indonesia. (Damayanti, 2015, p. 36)

In view of this development, the Indo-US jointly conducted military exercises. New Zealand and US defence forces had reviewed their agreements and established close collaboration whereas US and Vietnam had inked maritime security pacts in addition to joint defence manoeuvres. Similarly, US and Indonesia while formalizing defence assistance mechanism, had carried out defence forces manoeuvres in line with the US-Indonesia Comprehensive Partnership, agreed in 2010. The US Military Strategy entails the following:

- a. Transfer of defence hardware from Afghanistan and other operational regions to Asia-Pacific including surface ships, intelligence and surveillance equipment, unmanned aerial vehicles and aircraft carriers.
- b. Deployment of 60 percent of naval resources in Asia-Pacific was also planned by 2020.
- c. US defence authorities inducted defence equipment on regional basis and RPVs have been successfully launched from aircraft carrier.
- d. US Air Force focussed on dishing out its 60 percent overseas air bases along with cyber assets to Asia-Pacific region.

- e. The US land forces 25th Infantry Division along with 1st and 3rd Marine Expeditionary outfits were about to be relieved in backdrop of US drawdown in Afghanistan and Iraq and planned to move to their parent set ups in Pacific theatre.

7.3.4 The Concept of US' Air Sea Battle:

After conceptualization, the new concept of Air Sea Battle (ASB) was implemented to achieve synergy, teamwork and harmony in US air and naval operations for thwarting Chinese anti access strategy. Announcement of this new concept was made by Obama govt in annual review of Quadrennial Defence in 2010 with a view to launch simultaneous attacks on adversary's sensors and weapons deployed for area denial strategy. US defence leadership appreciated that with the help of Air Sea Battle the adversary communications, computers, control, command, intelligence, reconnaissance and surveillance systems would be disrupted through breaking the chain defence and destroying weapon launching facilities including aircraft, ships and missile sites. (L'Estrange, 2014, pp. 56-67)

The Air Sea Battle Concept visualized that in view of an imminent attack on US formations, the potential enemy would likely to follow a sequential complex system i.e. locating the target, engagement of target through effective employment of delivering means etc. Thus, every step is susceptible to interdiction or disruption and for a successful attack every step must work in order, which can be exploited by US troops

through concentration on the weakest links in the chain. (Dutton, 2014, pp. 7-18) Nonetheless, a lot of strategists consider that this concept is an active responsive measure to China and Iran Anti-Access and Area Denial efforts. In nutshell, the US rebalancing was a matching response to Chinese influence in its neighbourhood but at the same time focus would remain to avert confrontation with China. (Dian, 2015, p. 70)

The US ought to uphold its abilities for projection of power in spaces of choices where US forces are posed with a challenge to operate freely. “Accordingly, the US military has been investing as required to ensure its ability to operate effectively in anti-access and area denial (A2/AD) environments” as initially emphasized. To this end, US military commanders have also favoured a broad based engagement mechanism through dialogue with Chinese leadership. “Martin Dempsey, Ex Chairman of the Joint Chiefs of Staff US Army” while remaining cognizant to this priority highlighted the issue during China’s visit in April 2013. US defence forces leadership along with independent think tanks foresaw that US rebalancing of Asia-Pacific could pave the way for strained Sino-US relationship hence detrimental to regional order. (Fuller, 2014, pp. 212-217)

7.4 The Economic Element of Rebalancing of Asia-Pacific:

Worldwide, economic links of the region could not be really evaluated in the military factor in the regional politics. At this end, Obama’s administration, after sensing the importance of region with its immense economic growth and multilateral groupings re-oriented the rebalancing policy. Being a lifeline for world in general and US in

particular, the rebalancing Policy was reshuffled to economic programme in Asia-Pacific.

Economic initiatives were emphasized and framed to be focussed in shape of Trans-Pacific Partnership (TPP). Trans Pacific Partnership is a multilateral forum involving US with eleven states including Mexico, Canada and Japan. (Scott & Sam, 2016, pp. 36-54)

Moreover, Obama administration in view of forging regional multi-dimensional economic engagement was committed by seven percent increasing in external aid to the regional states.

Globally, Asia-Pacific (including India) holds a significant share in economy and trade and its economy is furthering at a fast pace. (Asia-Pacific Trade Agreement - Appendix 7) In line with this development, US investment has increased remarkably in East Asia alone. US authorities while remaining cognizant with the enormous growth potential of Asia-Pacific, has amplified economic and trade relations with regional states because Asia-Pacific was an important factor in US President's National Export Initiative. The investment increased from US \$ 22.6 billion in 2009 to US \$ 41.5 billion in the year 2011. Similarly, US exports in the region reached US \$ 320 billion in 2012 i.e. 8 percent growth since 2008. In view of the policy four states including China, India, Indonesia, and Vietnam of the ten rising export markets been earmarked in the 2011 National Export Strategy, belong to the region. Additionally, by increasing US engagement in the region through multilateralism of TPP depicts that US desires to be a geopolitical and economic force in Asia-Pacific. (Apeldoorn & Graaff, 2016, p. 94)

In 2001, as per the IMF evaluations, in term of purchasing power parity, Asia-Pacific was making twenty nine per cent of GDP, whereas these figures will reach to forty five percent in 2021, “which would be approximately half of world’s economy”. Key parameters of Obama’s economic policies in Asia-Pacific were in consonance with the broad contours of Clinton and Bush govt’s policies on establishment of trade relations and WTO memberships to Vietnam, Hong Kong, Taiwan, and China. (Furuoka et al., 2014, pp. 5-24) Additionally, in 1993, the significance of “Asia-Pacific Economic Cooperation (APEC) Forum” was raised by ex President Mr Clinton. US commenced talks with Singaporean counterparts on free trade which were later on formalized by ex President Bush Govt. Moreover, ex President G W Bush also inked a pact on similar lines with Australian authorities and entered with South Korea on free trade agreement. Thus, ex President Barak Obama govt persuaded US-South Korea free trade agreement and endeavoured of Trans Pacific Partnership highlighting the permanence in US trade policies in the region. (Thomson, 2016, p. 92)

7.5 The Diplomatic Element of Rebalancing of Asia-Pacific:

US strategic shift displays increasing US diplomatic engagement in Asia-Pacific while focusing on regional issues relevant to world powers. The objectives of the diplomatic element of the balance act were to uphold security and stability order of the region, open exchange and liberalization of trade and to adhere to the general norms of human rights. The Rebalancing was based on perseverance of US led existing global

order emphasizing collective security and liberalization of trade. Policy parameters of ex President Obama's diplomatic engagement in the region were focused on fostering alliances, crafting deep relations with Singapore, Indonesia and India, furtherance of regional multilateralism initiatives and above all the management of US-China relationship. (Dian, 2015, pp. 45-56)

The rebalancing involved a significant improvement of US diplomacy championing in Asia-Pacific. At the time of rebalancing, US govt remained committed at cabinet and presidential levels, to have a vibrant and uninterrupted engagement to achieve bilateralism and multilateralism. The main reason of this intense engagement was to eliminate the risk of failure in accomplishment of the objectives framed for the region. (Damayanti, 2015, p. 58) Furthermore, the US engagement could not be misaligned because the regional states would negatively react to US activism in the region. These states would be watching the US efforts excessively on containment of China and to deter China's expansion and assertiveness at their expense. The ability of US to set an appropriate balance with China has connotation of broadening far good way off the Sino-US consanguinities.

The US diplomatic engagement and quest for furthering US objectives in regional multilateral organizations like EAS and ARF were highlighted during Mrs Clinton, ex Secretary of State official's trip to various states of Asia-Pacific. Nonetheless, Obama's administration laid emphasis on regional institutions for shaping the regional security order and economic growth. (Nye Jr, 2016, p. 76) Additionally with the strategic re-

orientation and upholding regional multilateralism, the US leadership pursued a broad based engagement in multifaceted issues in the region. Furthermore, regional states along with regional powers particularly in Southeast Asia, generally prefer and confirm to strong US role in regional multilateral organizations.

7.5.1 ASEAN Vis-a-Vis Treaty of Amity and Cooperation:

US concluded Treaty of Amity and Cooperation with ASEAN to pursue the policies of Ex President Obama at the region in 2009. The aim of the treaty was to enhance US role in regional institutions leading to attendance of annual EAS in 2011 and 2012. Obama's administration also sought assistance on issues of regional nuclear non-proliferation and disaster management via US active participation in multilateral forums i.e. APEC and the TPP. Jointly, ASEAN, itself is a large association and a largest trading partner of US which constitutes approximately 6 percent of total US trade. The criticality in maintaining the volume of such trade is to safeguard the waterways especially Strait of Malacca of the region through which regional trade is conducted. (Nasser, 2016, pp. 70-77)

In 1976, TAC was first mediated and consequently modified to permit accession to non-regional states. TAC has fifteen member states to include US and its allies Australia, South Korea, and Japan as well as India, Russia and China. Non-members within ASEAN can access to TAC as a general practice and it was considered to be an emblem of engagement and to emphasize on multilateral processes in Southeast Asia. US

is the only main Pacific power that has not yet acceded due to which Southeast Asian leaders have blamed US to have neglected ASEAN and Southeast Asia. The initiative was welcomed which seems to be planned to improve the US standing in Southeast Asia through the expansion of multilateral component of US policy. Experts both US and Southeast Asian argued that expansion of US engagement with ASEAN would assist to raise the political stature of Southeast Asia at the time when China would seek to expand its influence in the region. (Scott & Sam, 2016, pp. 45-48)

7.5.2 Shangri - La Dialogue Forum:

US defence Secretaries prefer the forum of “International Institute for Strategic Studies (IISS) Shangri-La Dialogue in Singapore” for highlighting US policy parameters and proposals. Taking advantage of the same forum in June 2013, ex US Defence Secretary Chuck Hagel highlighted US administration devoted efforts for perseverance of regional security order and commitment for ASEAN and its associated institutions in the region. Secretary Hagel also revealed that US had intended to hold a meeting of defence ministers of ASEAN in Hawaii in 2014 for discussions on multi facet security issues. The Dignitary also highlighted that US-ASEAN relations were highly important and critical. Nevertheless, under the prevailing environment, US outplayed China, who under low profile strategy followed cautiously the regional developments. (Malik, 2016, p. 47)

In line with Obama’s forceful initiatives, US potentials for diplomacy, information, military, and economy were tested. Ex Secretary Mrs Clinton reiterated the

significance of Asia-Pacific from the very beginning at number of times. She reiterated that the region houses approximately half of global population, comprises of biggest growing economies, busiest sea ports and critical sea lanes of communication. She further highlighted that the region presents substantial challenge for military build ups, apprehensions about the nuclear proliferation, environmental calamity and global green-house gas emissions. Evidently, in 21st century, this region would remain the centre of global activities strategically and economically. (Malik, 2014, p. 68)

Secretary Mrs Clinton also reiterated, “the future of politics would be determined not in Afghanistan or Iraq but in Asia.” In addition she said, “US would be rightly at helm of affairs and the unfolding of Pacific Century will be America’s Pacific Century.” Associated Press highlighted that US and China were changing their statuses as global trading states. In 2006, the US was the largest trading partner of 127 states in comparison to China which managed 70 states. (Godement, 2013, pp. 8-15) However, in 2011 both the sides have changed their position as 124 nations for China and 76 for the US. The question is, how speedily Chinese has become dominant global trader in place of US and gradually this change is construing to political spheres. The Associated Press further highlighted that how ubiquitous Chinese prevalence was to expand from Asia to neighbouring Africa and then to South America which was the backyard of US. (Nair, 2017, p. 58)

7.6 Chinese Economic Initiatives as a Response to US Rebalancing of Asia-Pacific:

US strategic re-orientation in the region was received with concern by Chinese authorities. The rebalancing strategy was viewed to be contributing towards the containment of China politically, militarily and economically. Chinese leadership while remaining abreast with regional developments were carefully watching the US initiatives in its backyard. Accordingly, it was carving out strategies to minimize US regional influence without entering into a direct conflict with US. (Rafiq, 2015, p. 74) China has been keenly concentrating to expand her economic interests in the region. She has also been working to normalize her relations with regional states in both eras once China was not emerged as economic player and after its emergence as regional economic giant especially after the Asian financial crisis in 1997. China played a leading role in creating, “an ASEAN-China Free Trade Area (ACFTA) in 2002 which came into effect in January 2010 with largest free trade area”. (Goldman Sachs, 2013)

Additionally, China also initiated many sub-regional projects in the region. These projects include, “One Belt One Road Initiative, Balancing Economic Growth with Environmental Protection, Regional Comprehensive Economic Partnership (RCEP), River Regional Cooperation Operations, East-West Economic Corridor, Nanning-Singapore Economic Corridor, Merging Beibu Gulf Economic Rim and Greater Mekong etc”. China has been working hard in all spheres of life to be friendly and cooperating so

that regional integration could be ensured. To establish strong economic ties with regional states, China has made headway steadily to become a member of all regimes related to security, economic and political spheres of Southeast Asia. While dealing internally or internationally, rising China has become a constant factor and its neglecting is not possible by any nation in Southeast Asia. (Malik, 2014, p. 93)

7.6.1 Chinese Regional Policy Guidelines and its Stance on EEZ Disputes:

China and Southeast Asian States have steadily developed their friendly relations after the cold war. After a long quiescence period, China was of the view that status quo would not help to produce the aspired results for the economic integration. Therefore, it would be very critical for all Southeast Asians to establish institutionalized regional forum. The forum can assist them to achieve an effective, broader, and deeper integration among the members of Southeast Asia. In this way, Europe had already managed to exterminate the most of its “old-fashioned regional organizations” in an effort to overlap tasks and reduce confusion among institutions and other member states. Currently, China is the most influential and powerful to avoid downsizing discussions to an exclusive table, because there is no other option except to work and harmonize the political and economic spheres of Southeast Asia. In this way, China has languished in its accession towards Southeast Asian states to bring prospects as following:-

- a. A durable order in the south favourable to Chinese modernism.

- b. A vast market for Chinese economic progression.
- c. A conducive environment to resolve the disputes in “South China Sea”.
- d. Projection of Chinese image as an emerging power.
- e. A test case for Chinese to project its capabilities.

Despite all out efforts, still China threat uproar echo in Southeast Asia on mostly all the occasions. Notwithstanding, China assurances to Southeast Asian nations that they should not be intimidated by rising China however, Southeast Asian nations rely on US offered security arrangements. It was disappointment for the Chinese authorities on the public request of Ms Lee Kuan Yew of Singapore to visit US to ensure her presence in Southeast Asia for countering Chinese regional influence. (Zhang, 2017, p. 56) On the other hand, China has been upholding the over flight and immunity of navigation in EEZ, subject to peaceful but nonthreatening activities of coastal nations. Concurrently, Chinese have been frequently asking US authorities for reduction of military activities including reconnaissance and surveillance flights with the hostile intent in the EEZ being claimed by China.

The US out-rightly denied these Chinese accusations and maintained that China had misunderstood the UNCLOS with intent to confront US. The US also maintained, “The United Nations Convention on the Law of the Sea (UNCLOS) places restrictions on manoeuvres of foreign troops within 12 Nautical Mile of territorial waters and never in EEZ of a particular country”. (Stavridis & Bergen, 2017, pp. 23-28) The US views that

Chinese reluctance to the activities of foreign forces in EEZ as spelt out in the UNCLOS are also not supported by other signatories. Out of 161 states, which have ratified the treaty, only 14 have been authorized to approve activities of foreign forces in their claimed EEZ's, thus stance of China is an exception rather than the rule. Similarly South China Sea conflicts have also intensified instead of developing some workable mechanism for settlement of these territorial disputes. (O'Rourke, 2018, p. 72)

7.6.2 Chinese Apprehensions on US Rebalancing of Asia-Pacific:

Militarily, China has taken cautious approach to think that the Democratic Progressive Party (DPP) of Taiwan might establish closer ties with US in view of US rebalancing towards Asia-Pacific. Taiwan issue emanates political and cultural dissimilarity between the US and China while Chinese denouncing US for arms sales. Resultantly, Sino-US dialogues on arms sales have led to irreconcilable disagreement. In this economic arena, Taiwan membership in US sponsored TPP has also been viewed with concern by China. China sees the membership of Taiwan in TPP in the longer perspective to be a stepping stone to gain international acceptance. In addition, Democratic Progressive Party (DPP) and Kuomintang (KMT) hold singular interest in this aspect to get international acceptance towards its independence. (Lamothe, 2016, p. 50)

China believes that President Obama govt was apparently taking domestic pressure. Mrs Clinton, Ex State Secretary made six trips to Asia-Pacific within two

years. She assured the Asian community that the US had come back and would stay. Mr Robert Gates Ex Defence Secretary echoed Mrs Clinton's vision through pronouncing the US as a resident power in Asia and reaffirmed US commitments to Asia-Pacific. Similarly Ex President Obama made two trips to Asia and on number of occasions described the notion of being the 1st Pacific President. (Almond, 2017, pp. 220-231) Thus with the help of these outreaches Obama's govt crafted an Asian policy, basing on revival and strengthening of old alliances, seeking new partnerships and supporting regional multilateralism.

China's leadership has been closely monitoring all these moves being conducted suspiciously by US. Chinese don't comply with US strategy for repositioning in West Pacific. Chinese hold that the region was never left by US despite of its engagement in conflicts in other regions. The US strategic reorientation of Asia-Pacific was primarily an effort to work out some viable mechanism so that rising China could be contained. (Biber & Johnson, 2013, pp. 103-109) Nonetheless, China was apprehensive over the US policy of returning to the region (Asia-Pacific) and was gearing up for new tensions in Sino-US relationship. US opined that Chinese domination over its Sea Region would have grave implications for the US allies as well as security structure of Asia-Pacific. In addition, Chinese would dominate the entire areas including its nearby Sea whether having complications on ability of US to interfere militarily on the conflict situation between Taiwan and China or otherwise. (Damayanti, 2015, p. 46)

7.6.3 China's Core Interests and US Policy Parameters in South China Sea:

To get back the Sino-US relations on track, in 2010, Mr James Steinberg ex Deputy State Secretary and Mr Jeffrey Bader ex Senior Director for Asian Affairs had visited China. From the outcome of the meetings, it was revealed that Chinese leadership had declared the disputes in South China Sea as her core interest. US had considered this declaration as dangerous for regional peace as the inclusion of South China Dispute in China's core interest was having inherited consequences. (Almond, 2017, p. 11) Nonetheless, in May 2010, China's leadership highlighted to Mrs Clinton during the 2nd Sino-US Strategic and Economic Dialogue at Beijing that the issue was very straight. Mrs Clinton repudiated it completely and stated that they wouldn't accept to be the core interest of China.

The whitepaper, Chinese Peaceful Development 2011, reflects the Chinese main interests and those are, “**one**, state sovereignty, **two**, national security, **three**, territorial integrity, **four**, national reunification, **five**, China's political system established by the Constitution and overall social stability, **six**, basic safeguards for ensuring sustainable economic and social development”. Currently, Chinese disputes in the close vicinities of East and South China seas with other states like Philippines and Japan at maritime territory and islands demarcation implicate, “State Sovereignty”, “National Security” and “Territorial Integrity”. Internationally, it is claimed that resolving these particular

disputes through diplomatic and peaceful means would serve territorial integrity, national security, and state sovereignty. (Zhaokui, 2014, p. 97)

However, on the contrary, while considering long-term disputes and armed conflicts, the claimant states may oppose, “the state sovereignty and territorial integrity.” The same will be used to oppose the Chinese political system being established by the constitution which is a source of social stable fabric and sustainable economic development for China. (Noguchi, 2011, pp. 60-85) To accomplish the basics of Chinese diplomacy for serving both important and recurring objectives, China needs to struggle for creating and preserving a scheme where “state sovereignty” and “territorial integrity” are reciprocally expediting instead of subsuming the affiliation with “China’s political system”. (Yonglong, 2014, pp. 32-40)

Contrarily, in July 2010, Mrs Clinton ex Secretary of State, officially responded at the annual ASEAN meeting on South China Sea issues in Vietnam. She reiterated the policy parameters as, **one**, the US advocates free navigational movement, accession to all deep-sea commons whereas international law to be respected and adhered, **two**, the US administration diplomatically upholds a collective mechanism for settlement of all disputes on territories left out to use or intimidating by countries parting to the disputes, **three**, US while remaining neutral in disputes holds that disputants may seek their respective demands and other connected rights in line with the UNCLOS. (Panda, 2018, p. 3) China accused US authorities for internationalizing this issue at the ASEAN Regional Forum despite of Chinese request for not highlighting the issue at the forum.

Mr Yang Jiechi ex Chinese Foreign Minister at the spot issued a firm and emotional statement, essentially recommending it as a pre-decided mobilization over the matter. He was clearly un-satisfied and depressed. (Lamothe, 2016, p. 37)

7.6.4 China's Response to US Policy in South China Sea:

China has been rejecting the US pursuit to internationalize the disputes of South China Sea and decided not to succumb to US pressure. Immediately after ASEAN Regional Forum, China also responded proactively to demonstrate its commitment and PLAN conducted defence manoeuvres in South China Sea, while moving entire Chinese naval vessels including South, East and North China Sea fleets with live firing. PLA naval exercise was directed while opposing the impending 1st ever US-Vietnam defence manoeuvres in South China Sea to commemorate fifteenth anniversary of the US-Vietnam rapprochement. However, in view of this summit, China explicitly attributed it to US rebalancing policy to forge a united anti-China front of US-Vietnam because Chinese see the active US engagement as an act of abandoning its half-hearted neutral stand in the region. (Lai, 2013, p. 57)

Chinese never wanted to confront US over disputes in the region but unfortunately these issues were leading to strained relations. Thus, South China Sea will be precedence for Sino-US transition in power because China sees these developments unavoidable and uncontrollable. On the other hand, US has sufficient enthusiasm to energize their efforts and incorporate the unfathomable and assorted locale into US

leading global quest. Framing up a strong association with South East Asian states will mean to set them into US system. The relationship can assist US to manage terrorism worldwide and to develop in making an incredible force which will be all set for US amusement; spreading majority rules system, advertising cooperation of basic qualities, controlling key chokepoints, assets, and market to develop US leading regional order for Southeast Asia. These efforts are made to imprint its worth in making a convergence point for US "return to Asia." (Nair, 2017, pp. 158-163)

Contrary to US approach, China is altogether figuring a different approach. Southeast Asia means for China to be a locality that serve to handle both its internal and external matters. This arrangement will provide Chinese a platform for a huge business for monetary improvement and peaceful environment culminating at the security of China. Chinese pioneers have been endeavouring for restoration of link with states of Southeast Asia and to regain its impact in the local. Nonetheless, Chinese progression was insignificant among the unequivocal key components hindering Chinese development. (Nasser, 2016, p. 17) It is easy way out if US can come all the way from a different continent why China can't take the control from the contiguous border therefore, China should not lose the sight even if US is involved physically. Hence, Chinese should be alert to the situation to face the brunt in all three fronts including economically, diplomatically and when need arise, militarily.

7.7 Emergence of the Rebalancing of Asia-Pacific:

In the inception of 2011-fall, a number of statements issued and a chain of steps were taken by the Obama's govt for aggrandizing the previously compelling role of US in Asia-Pacific. Singling out the Asia-Pacific region as definite and absolute geo-strategic prerogative for US greater consideration over the large spectrum of conflicted area, has been paid off by the Obama's govt. This can clearly impersonate a variation in US policy rule. Notwithstanding, the rebalancing phenomenon has not been given the impression of US' disentanglement and re-entanglement in Asia-Pacific region. Rather, it was a matter of greatest importance for underpinning US and Asia relations. Moreover, US was commanding national interests and aspiration after the WW-II, in Asia-Pacific region. (Malik, 2016, p. 43) It was engrossed in many dimensions like economic, military and diplomatic dimensions, which could be referred to the fact that throughout the cold war, US remained active in the region.

In 2012, the military initiative was dramatized to focus its attention towards diplomatic and economic components for the sake of attracting much closer entanglement in relationship with China. In reaction to the strategy, China strongly deprecated and derogated all those steps taken by US. (Dian, 2015, p. 81) Northeast Asia has developed to be one of the most significant regions militarily and economically in the world. While systemizing in unipolar world, US was possessing hegemony in Asia-Pacific region Since WWII. However, emergence of the potential regional hegemon has compelled the

Obama administration to revive the Asia-Pacific strategy to assure American supremacy.

In the present environment, security of the region is neither characterized by US nor dominated by China. China was contended with the US regional alliances before rising as an economic giant.

Notwithstanding, after the US Asia-pivot strategy, Chinese Policy Makers has now perceiving these alliances as containment strategy against China. Rightly, the security structure of any region can't be comprehended while explaining it simply through multilateral or bilateral terms. Indeed, it requires to be properly analyzed through “purilateral configurations”. (Cha, 2017, p. 106) Multilateralism was openly supported in the region by Obama administration however; US then concentrated on bilateral security alliances. US called for multilateralism as a strategic move to make the allies believe that the buck would not be passed to anyone else by US. Similarly, the major allies of US, South Korea and Japan also backed multilateralism but bilateral alliances were acknowledged as a source of stability and balance. If US make new alliances as it is doing in today environment, it would be taken as an endeavour towards the containment of China. On contrary, if Chinese work on to go for new alliances it would be considered to get US away from the affairs of the region. (Malik, 2014, p. 21)

7.8 Impact of US Rebalancing on the Region:

US has brought its policies of liberalism and democracy in Asia-Pacific region especially in case of Taiwan. This agenda in the Chinese eyes is to surface the Taiwan's

independence movement again. Chinese leadership strongly feel that Democratic Political Party is not sincere with them. They will have its onus on two factors to get complete independence through collapse in the Chinese govt either by a democratic turmoil or a US overt and covert support for the Taiwanese cause. (Torres, 2012, p. 58) Chinese also fear that the US strategic interests include a Taiwanese independence from the influence of China. Though there might be differences between the main Taiwanese parties i.e. DPP and KMT (Kuomintang), but China sees them united on the issue of an independent international status.

China would risk a war if this hypothesis gets materialized; therefore, China would go for blocking any Taiwanese and US joint effort for independent international status. According to Taiwan Relations Act (TRA), US was committed for Taiwan's defensive needs; China fears that DPP might play in the hands of US military's "rebalancing towards Asia-Pacific" policy. In addition, arms sales to Taiwan at regular intervals have really disturbed Chinese plans in the region which has blowback effects. US policy of "Chinese Containment" does entail regions like the Sino-Japan disputed islands and of course Chinese Taipei (Taiwan). (Thayer, 2012, p. 41) US is renowned for its weapons industry: selling of advance weaponry to Taiwan might easily come under the category of TRA whereas protection of Taiwan against China is a right but it is a business for the US.

Taking the US claim, one cannot snatch the right of a country to do business with another country and everyone has the right for self defence. These political differences

have forced China to take a hard stance against the US, calling it to completely stop the business of selling weapons to Taiwan. Arms sale is causing serious concerns in Beijing about the intentions of its global rival. China intends ending this business by force, but China militarily cannot challenge the US at this point of time, therefore, an alternative strategy based on diplomacy is better suited for all the stake holders.(Torres, 2012, p. 13) Taiwan is the most sensitive issue between US and China but there are many other unsettled disputes in western pacific including direct and indirect confrontations involving China's maritime neighbours.

These confrontations can affect the continuation and required modification of the existing world order in the region. America as a global power is struggling for the continuation and China as an emerging global power is trying for transition of power and shifts in world order. US has been maintaining the existing order and its hegemony but situation of the region has changed with emanation of China as emerging power. Mr Aaron Friedberg (2003) wrote about an effective identification of the altered environment. He wrote, "By the early 1990s, with the vestiges of Soviet air and naval power rotting at their bases in the Russian Far East, the Pacific had become an American lake for all intents and purposes and US forces were invulnerable and able to operate with impunity wherever and whenever they chose."

He further wrote, "Using forward-deployed ships, aircraft and troops operating from local bases and facilities in Japan, South Korea, Thailand, and Singapore, as well as those that could be dispatched from Hawaii and the West Coast, the US could defend its

friends, threaten its enemies and move its forces freely throughout the Western Pacific.” He also wrote, “American air and naval units conducted routine deployments and reconnaissance missions just outside and at times within China’s airspace and territorial waters with little fear of harassment or interdiction, while US satellites passed overhead, unseen and unmolested. Even beyond East Asia, the US Navy was in complete command of the world’s oceans. If ordered to do so, the Navy could interdict commercial shipping and stop or sink vessels bound for China, regardless of whether they were travelling across the Pacific or east across the Indian Ocean.”

He inked, “At every level of potential conflict, from limited engagements at sea to transcontinental nuclear war, the Americans held the upper hand.” He further wrote, “America’s ability to project power into the Western Pacific, once unchallenged, is now threatened by the maturation of what Pentagon planners refer to as China’s anti-access/area-denial strategy.” In any crisis situation, US needs to pull its forces to a locality which is far enough from ranges of Chinese aircrafts. He argued, “This combination of [PLA] rapidly advancing offensive and defensive capabilities is the beginning to raise doubts in the region about America’s ability to defend its allies and project its power.” He focused, “What is worse, over the next several years, in an emergency situation, that Chinese leadership believe of having chance to start a war by efficaciously striking on US to get them out of the Western Pacific.”

The last remarks of Friedberg show that the situation for US is alarming, however, US was not much threatened by China’s aspirations. China wants to enhance

its maritime power for some basic purposes including security of China. The Chinese security is comprising of territorial waters and oceanic frontages mainly to get, “effective management of its claimed Exclusive Economic Zone (EEZ), repossessing of stolen islands in South China sea, security of the sea lanes of communication, control over Taiwan and its surrounding territory, and to build a powerful blue water navy through which, China can project its power in need and protect its expanding interests.” According to Chinese perspective, maritime power is essential to become a global power in real. (Dian, 2015, p. 15)

China has protected well its oceanic frontages and now no intruder could invade China from sea side. In case of Taiwan, China has successfully developed deterrence and in case of China-Taiwan conflict over separation or unification, China prevented possible US military intervention with access denial capability. China has the benefits from free access to distant SLOC, provided by US but in the long run, for the protection of its interests, China would prefer to rely on its own forces. Currently the contentious issues between China and US are territorial, maritime and EEZ in East and South China Seas. For China, lagging behind in managing blue water navy to defend its frontiers and other interests in case of projection of power nearby or outside would be a big issue in future. All these issues will be adding to difficulties in so called power transition between China and US. (Yesililada et al., 2017, pp. 292-301)

A few assumptions are given to comprehend the security structure of the region. **First**, security structure of this region cannot be defined by a single institution. This

region has been correlated with Europe that lingers on an outlet while comparing as each region has its mutual trade level, norms, culture, history and geography. **Secondly**, in comparison with permanent institutions, *temporary* institutions work better in the region. In such case permanent institutions had failed during cold war like Pacific Ocean Pact (POP) and Southeast Asian Treaty Organization (SEATO). In addition, the post-war era, EAS and ASEAN Regional Forum (ARF) could not perform well because differences on minor issue erupted among the members. Contrary to the permanent institutions, temporary institutions like Tsunami Core Group (TCG) acted very well. Groups, which were founded for some particular purpose verified to be mutually profitable, were closed after the conclusion of main purpose. (Cha, 2017, p. 163)

7.9 Conclusion:

US would be eager to fulfil the two important aspects of the rebalancing strategy; maintaining its supremacy as military power and continuation of relations with regional states through alliances. However, in the wake of power transition, China would differ on the issue of maintaining the status quo, therefore it would be contentious for US to maintain these requirements. US had already changed its focus from enhanced military capability to economic prevalence in the region but it is strange enough that the strategy framed for rebalancing was similar to that of Cold War strategy. At that time, US was possessing dominance as military and economic powers whereas now its rival has been improving its military capabilities. In such scenario, the US will require to make its allies

believe that the rebalancing would not substantiate to be a zero-sum game rather it would symphonize a long-term strategy leading to, “Multi polar regional security structure while relying on cooperation instead to be looking heavily over the US naval superiority.”

Furthermore, the rebalancing strategy in which US has enhanced its force structure in various localities has created suspicion in the region which may result into destabilization of the region. Side by side, it could create discontentment to the level that the relations between China and US based on stability could deteriorate if China is not awarded the status of regional power. Though US was denying that the act was not directed to contain China but experts were inking on US clearly improving the force balancing against China for maintaining its superiority in the area. China had already declared that there were contradiction in the words and deeds of Americans hence there was a smell of antagonism. In addition, Chinese leadership remained worrisome on the eve of American interference despite their neutral position in East and South China conflicts.

CHAPTER - 8

ECONOMIC REGIONALISM IN ASIA-PACIFIC

8.1 Introduction:

The unfolding of the global economy and future of Asia-Pacific are the two main trends that determine, “The rise of Asia and Asia-Pacific regionalism.” The rise of China and other regional countries have greatly altered the redistribution of wealth and power across the globe. However, along the economic growth, there are negative political outcomes such as the transition of power and the prevalence of security threats in the region. With these changes, the current Sino-US relations have shown a great tilt. The rising hegemony of China in Asia and the US Pivot to Asia have given birth to a raging tug of war between US and China in Asia-Pacific but the economic growth is a vital factor for successful mainstreaming of China in the global system. However, the antagonistic approach is quite risky for the international community for the preservation of regional economic growth. On the other hand, the economic potentials of China is challenging for the US hegemon in the region.

In the absence of international govt, the foundation of institutional working plan is necessary to calm down the existing tensions and invigorate collaboration among

different regions. The dynamism of regional economic progression is pertaining to the regional trade and investment that have been burgeoning consistently since “Asian Crisis of 1997”. Nevertheless, the economic regionalism is a complex process, whose ground realities are determined by political factors rather than just the economic indicators. There are contradictions between the dynamics in growing Asia-Pacific regionalism and economic and political matchups between China and US. On the other hand, the institutionalization of bilateralism in economic cooperation has demonstrated to bring down tenacious situations and prevent them from slipping into strategic confrontations between China and US.

8.2 Sources and Contemporary Trends of Asia-Pacific Regionalism:

Regionalism can be defined, “As one of the distinguishing features of contemporary international relations.” However, there is no candid explanation on what constructs a region regionalism, and regionalization. Region is generally defined as, “An area, especially part of a country having definable characteristics but not always having fixed boundaries.” In international relations, a region comprises a number of localities those are geographically contiguous and bonded through definite economic and political ties. Regionalism and Regionalization necessitate the continuation of strong economic, social and political linkages in an assemblage of countries. This results in upper level of reliance to enable them to frame definite rules and regulations internally. However, regionalism may not be correlated to some location bonded geographically. (Hurrell,

1995, p. 32)

Topographically, East Asia refers to China, Mongolia, South Korea, Japan, and North Korea but it is absurd on the parallel to omit New Zealand and Australia from East Asian regionalism whereas they cooperate at highest level being part of the region. The absenteeism of demarcated regional boundaries creates the complexities of “Institutional Framework” of the region. However, the number of concepts implies to regionalization are the facets of regionalism. (Mansfield, 2010, pp. 148-160) In other words, regionalization is a process that engages actors but regionalism involves institutionalization of practices. However, regionalism is lacking conceptualization. Scholars have defined regionalization as a “process driven by economic and social forces”. (Keohane, 1984, p. 5)

8.2.1 Regionalism as a Political Process:

Suisheng Zhao (2007) argues, “Regionalism is considered to be a political process based on institution building and the creation of intergovernmental organization”. It is concluded that regionalism is an assemblage of political proceedings implicated in institutional building of region basing on practices of regionalization. This produces the foundations of economy mainly for political interaction. (Zhao, 2007, p. 39) However, this concept is founded on divorcing of political and economic dimensions from each other. The neoliberal approach stoutly accentuates the competency of international institutions to clearly disprove this approach among various functionaries. This

presumption provides opportunities to many scholars for considering regional institution building as tool to constitute regionalism as a political process for ensuring stable order in the Asia-Pacific. Historically, the regionalism of ASEAN and Asia-Pacific co-relate the assumption on favourable conclusion. (Gulick, 2011, pp. 67-69)

At the end of WWII, in 1947 and 1949, as the starting point, the Asia-Pacific regionalism Asian Relations Conferences were held. Thus the regionalization and regionalism, triggered by post war decolonization, have played a critical part in advocating stability to the unfavourable footings of cold war period. The politics of the region were defined through unarmed conflicts between Soviet Union and US during the cold war period. However, in some cases like tension in Korean peninsula and de facto sovereignty of Taiwan, it affected them to a greater extent. On one hand, there was confrontation between two great powers on established dividing lines and on the other hand, the opposing sides established impetus to consolidate the situation at the sub-regional level. ASEAN creation in 1967 was basically aimed to heighten the security of Southeast Asia so that it associates to be a centrepiece of economic integration. It is evidenced that ASEAN and US system of alliance are the deciding bodies in the post cold war era. (Shanske, 2012, p. 17)

8.2.2 Regional Economic Integration and Cooperation:

The Asia-Pacific got its new phase of regionalism after the conclusion of the Cold war between the two major powers. The period was earmarked with optimisation of

economic integration and cooperation which further enhanced the strings of regionalization. Another major factor was the economic growth of China which boosted trade and investment at the transnational level. China's remarkable economic growth played its part to increase the trade at intraregional level even after the international major financial crisis of 2008 followed by the international slump. After this economic crisis, major economic activities of China could be witnessed in the region. China was the major trading partner of Japan with 18.2 percent of exports and 21.4 percent of imports, South Korea with 24.6 percent of exports and 15.6 percent of imports, Australia with 29.7 percent of exports, 18.5 percent of imports in 2013. (Zhao, 2013, pp. 12-19)

In addition, China has remained 2nd largest trade partner of US with 7.2 percent of exports, 19 percent of imports. Its entire trade income with the regional economic powers including US and Japan was more than US \$ 560 billion and US \$ 312 billion respectively. This increase in intra-regional trade and investment proved one of the bases for further progress of the Asia-Pacific regionalism which provides a new stage for economic progression. The progression is tie-up for "Shared Prosperity" and the same has been claimed by Mr Haruhiko Kuroda ex President ADB. The "Shared Prosperity" or "Shared Risk" which determines the demand for institutional building is the key issue of regionalism. The chaotic interdependence is not a desirable condition rather than defined as a threat for the international system. (Kaplan, 2014, p. 26)

The economic cooperation is always poorly structured but it is one of the most important factors for consolidating the political and economic linkages of the region.

Setting up precise rules and norms for cooperation within the regions is the established sides of regionalism along with integration of efforts at international level. This is to face various challenges with regards to security and prosperity which has not sustained with economic progression and political variation. Regionalism is the only source of guaranteeing the stability and growth as the international global institutions are unable to deal with various challenges in regional context, thus making regionalism as an unbiased procedure. The progress and positive impact attained by regionalism, clearly defines the inevitable importance of quality institutions at international level for the economic growth both for developed and developing countries on equal footings. (Litz, 2011, pp. 54-55)

8.2.3 Institutional Framework versus Infrastructural Development:

The area of institutional framework and infrastructural development in Asia-Pacific region at both regional and sub regional levels got impetus in 2000s. Pacific and ASEAN states strengthened the progression of “Institutional Infrastructure” based on region and sub-region. ASEAN emerged on top of the list for being the most effective and integrated intergovernmental organization in the region. The importance of the platform can be viewed from the summit sessions of ASEAN being held for 13 times during January 2007 to November 2014 as compared to 12 meeting sessions during the previous period of 1976 to 2005. EAS should be accepted as a mile stone for creating a broader and effective platform for integration at regional level. It is a workable

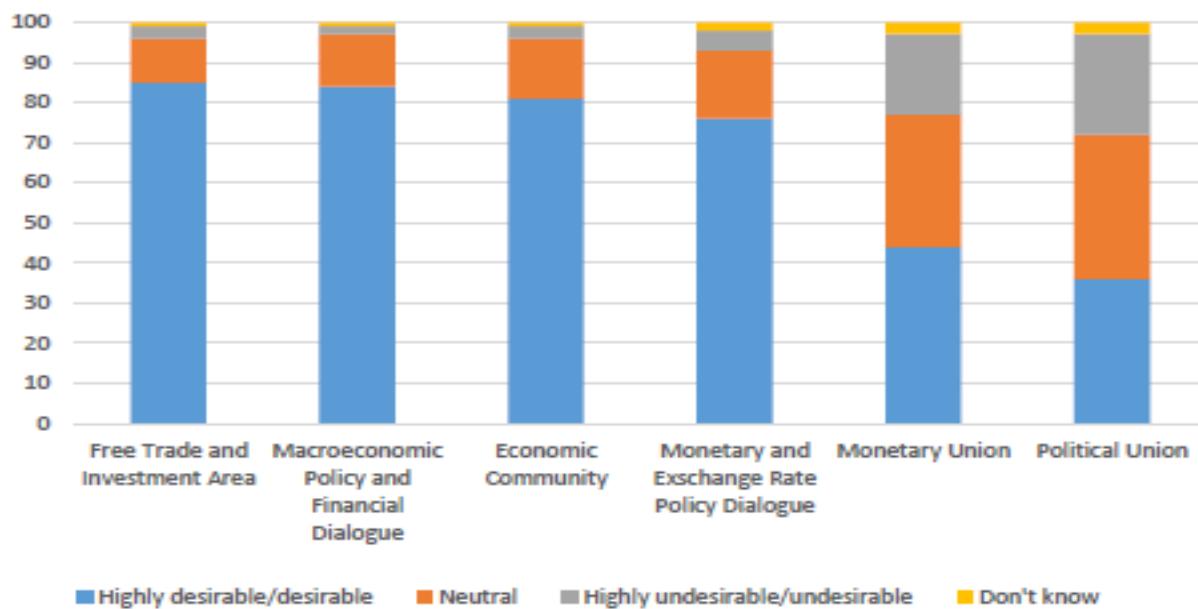
framework for the settlement of international disputes related to security and trade. (Iglesias-Zoido, 2012, p. 45)

Though the regional institutional platform succeeded in framework to a certain level, but it could not come to the desired standards to fulfil the demands of regionalism. In addition, it proved to be weak and underdeveloped as compared to Euro Atlantic Institutional Framework. Poorly structured rules and norms are one of the shortcomings of the present regional institutional framework. EAS and Asia-Pacific Economic Cooperation Organization (APEC) are very effective institutions for dialogue on various economic agenda at the regional level; however, the effectiveness of both of the organisations was insufficient in cases of monitoring and facilitation. The real doldrums of APEC are the ideal illustrations of the fact that the coeval institutional layout could not meet economic and political demands of progress and evolution of the region. (Novikov, 2014, p. 62)

Despite of the recent improvements in institutional building in Southeast Asia, it is a dreadful fact that ASEAN is the only IGO which carries out the task of “Regional Institutional Framework”. The regional politics are principally defined by the high demand for Asia-Pacific economic regionalism. ADB survey (2010) indicates that leaders in Asia-Pacific region whether they belong to politics, business or academia, all supports the free and liberal trade at regional level. Similarly for free trade, the creation of FTAAP is considered as the foremost priority for Asian regionalism. It is evident from the survey that free trade is the cry of the day of the region despite global recession.

Working dialogues of regionalism to work on fiscal and trade-off rate and macroeconomic practices will not form the basis of forming an institutional framework at regional level. (Lai, 2011, p. 27)

Figure - 6. Regional Integration Objectives



Source: www.chinausfocus.com

Notwithstanding, the establishment of an economic community will be a dream without the mechanism of FTA at regional level. Moreover the survey does not show positive indicators for immediate integration to political and monetary merger. Under such scenario, the contentment of need of organisations becomes inevitable for politics at regional level. Nevertheless, cooperation remains dubious for the institutional building in security and political related avenues. Tan (2012) says, "Institutionalization of economic

cooperation perfectly go with the mood of the regional elites.” It was partially defying the conversion of economic prospects in key meadow of issues of the region and US-China competitions. Much of time is consumed when both US and China are framing their regional policies with strategy to fill the institutional vacuity. (Capanelli, 2011, p. 31)

8.2.4 Geographical and Conceptual Approaches:

The major stakeholders of the Asia-Pacific take dissimilar strategies on conceptual and geographical matters while addressing various problems of institutional building. US is certainly on the forefront to maintain its advantageous position because of her longer stay in the region. 1990s, US orchestrated regionalism in the Asia-Pacific to lead the politics in the region and has been maintaining the same policies in the post Cold War era. In 1994, the Bogor Goals were acclaimed and ratified in “6th APEC summit” declaring that APEC requires emphasizing economic cooperation. This cooperation should be based on common objectives including common interests, mutual respect, shared responsibility and equal partnership. APEC summit declares, “The objectives should strengthen open and free multilateral trading system, enhance liberalization of trade and investment and intensify Asia-Pacific development cooperation.” (Higgott, 1998, p. 34)

The Bogor Goals resolved on enhancing and strengthening trade and investment liberalization. The trade liberalization was a stratum of Washington policy towards

formulating the regional and global economic order in the post Cold War period. Consequently, the development and progression of states in Asia-Pacific Region rely on the level of integration and ingenuousness in the international economy with minuscule support of various banks including ADB and IBRD. The establishment of FTA under the ambit of liberalized approach was one of the mainstays of regionalism in Asia-Pacific. Though US agenda had dominated the entire world, however the opportunity was utilized to focus on global issues like WTO. Notwithstanding, in 1997-98, the crisis prevailing in Asia affected badly the US relations with East Asian countries resulted into slowing down the manoeuvrability of free trade in the Asia-Pacific. (Freidman, 2007, p. 53)

Supachai Panitchpakdi, ex Director General of WTO, communicated on collapse of regional financial system that US and IMF could not realize the influence of globalization on Asian economies. (Prestowitz, 2004, p. 56) This influence of globalization has averted FTA agreements on a large scale as compared to other regions for several years. In late 2000s, Washington didn't play its parts towards free trade but liberalization of trade recurred on the agenda of the region. Thus liberalization of trade becomes the main subject of "Economic Regionalism". Nevertheless, US plunged into Global War on Terror in the wake of attacks on World Trade Organization, the economic regionalism continued to develop on its own. However, this muddled the development without proper guidance and headship resulted in chaotic networking of multilateral and bilateral free-trade agreements which numbered up to seventy five by 2013. (Zhao, 2013, p. 63)

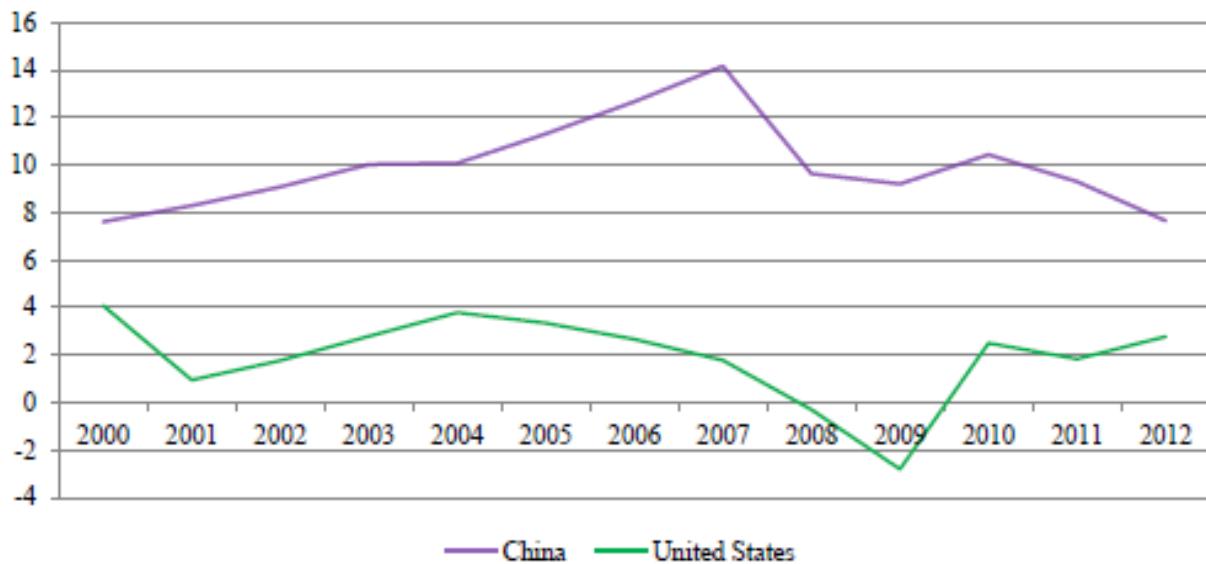
Nonetheless, US has realized the importance of economic activities to be initiated in Asia-Pacific though late but has revitalized the region. This realization of Asia-Pacific Region and its current “pivot to Asia” made her to take the leading role as coordinator by leading the proceeding of Institutional Building and its amalgamation. Since, the outlaying of Bogor Goals of 1994, the first plausible and decisive step towards FTAAP was the launching of Trans-Pacific Partnership (TPP) in 2008. However, comparing with the 1990s, “the objective, driven by economic processes of Asia-Pacific regionalism, was developing in different political circumstances”. US predominately was instigated by the rise of China to undertake “Pivot to Asia” in addition of its stimulated institutionalization calls for leadership. (McMinimy, 2015, p. 23)

8.3 Transformation in Sino-US Relations:

The “Rise of China” is the major factor that has played pivotal role in re-orienting the international politics. Moreover this rising China has greatly influenced US foreign policy at both regional and global level. Therefore, US was not having other options except to reorient its focus in Asia-Pacific. Obviously, the main reasons for US strategy of “Pivot to Asia” were the rapid Chinese economic growth and the declining of US as economic power. (Campbell & Andrews, 2013) China and US had never indulged in global competition with each other till early 20th century as their systems of approaches and ideologies were not compatible. The late 20th century has witnessed great transformation for both the great powers in their mutual relations. (Estrange, 2014, p. 18)

The transformation was stretching from policy of non recognition to strategic cooperation and economic interdependence. Previously the sole focus revolved around areas of mutual interests and bilateral issues without affecting the regional and global scenarios. They avoided going deep into global and regional issues but concentrated on bilateral issues like the issue of Taiwan as an ideal highlighter of the same policy. Nevertheless, greater interdependence between US and China has paved the path for mutual dialogues on various issues pertaining to human rights and freedom of navigation etc. The overview of history makes it evident that the routes of contemporary Sino-US relations diversified when China was confirmed to be an emerging power. (Kaplan, 2014, p. 69)

Figure - 7. GDP Growth Annual Percentage



Sources: www.tradingeconomics.com/gdp-annual

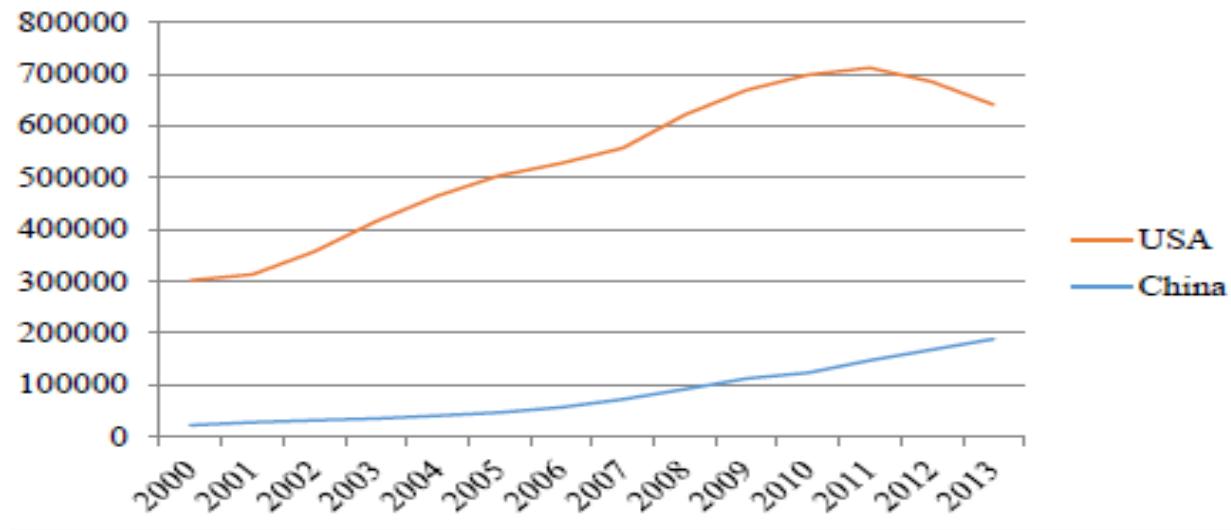
The “rise of China” has been covering the period of 1990 to 2013, for which 8-9 percent of high economic growth was registered whereas at the same time the economic growth of US remained at 2-4 percent. However, the present economic indicators reflect that current economic growth in China is on decline, in 2007, it spontaneously increased up to 14 percent and thereafter it has been moving on approximately 7-7.5 percent indicating downward trend. Economists argued, “Industrial value added output reached a 6 years low in 2014 as only 6.9 percent and below much from the estimation of economists’ of 8.7 percent growth.” Still under such facts, comparatively, the economic growth of China is higher. These figures indicate that China has all the potentials for its vast economic and political influence in the region. (UNCTAD, 2016, p. 35)

8.3.1 The Regional Surge in Economic Growth:

In 2014, IMF, ranked China as largest economy of the world in terms of “Purchasing-Power-Parity” to bypass US. It was declared, “US is the first world host economy for FDI inflows and outflows whereas China ranks second and third respectively.” After analysing the fluxes, there is an increase in FDI in-pouring in opposing sides during period of 2012-13 but FDI outflows have been substantially decreased in US from US \$ 367 billion in 2012 to US \$ 338 billion in 2013, however during the same period, it has increased in case of China from US \$ 88 billion to US \$ 101 billion. This competition appeared even in the regional context as the FDI statistics for 2011 to 2013 of ASEAN showed that in ASEAN members, the investment of China

had increased remarkably. (Martina, 2014, p. 45-50)

Figure - 8. US versus Chinese Military Expenditures



Sources: International Relations WP BRP 09/IR/2014

Precisely, the increase in FDI with ASEAN countries was notified from US \$ 7,858 billion to US \$ 8,644 billion whereas it decreased in case of US with these countries from US \$ 9,135 billion to US \$ 3,758 billion. China-ASEAN trade in 2013 was US \$ 350.4 billion which was 14 percent of total ASEAN trade however trade in case of US-ASEAN only reached to US \$ 206.9 billion which was 8.3 percent of total ASEAN trade. Having the foreign policy of China as pronounced the strategy of “cooperation, peace and win-win game” but on ground, the decisions and procedures depict a different picture. China has been focusing to modernize its military and induct with high tech equipment thereby increasing its military potentials. In 2012, the Chinese defence budget was increased

substantially, figuring on 650.6 billion Yuan, which was 11.5 percent high from previous year. (Xinhua, 2014, p. 10)

8.3.2 Chinese Integration in the Existing International Institutions:

Stockholm International Peace Research Institute (SIPRI) estimates, “The military budget of China has become almost 9 times bigger during 2000-2018; in 2000 it was US \$ 22 billion whereas in 2017, it was more than US \$ 228 billion.” Comparatively, the US defence budget though far greater than the rest of countries, got declining from US \$ 710 billion to US \$ 699 billion from 2011 to 2018. These transformations in defence budgets at regional and global level may lead to changing of role of China and US. Christopher Layne (2008) highlighted, “Historically the emergence of new roles of power in the international system has been geopolitically destabilizing [...], there is no reason to believe that China’s rise will be an exception.” Mr Christopher further delineated and approved, “The strategy of engagement and the policy of containment” as specified by various strategists while dealing with the rising China.

The basic thinking behind, the strategy of engagement, was indispensable to orchestrate China in the current global system and to adjust China to the existing international system. Regarding the policy of containment, he says that China has become too dominant to be a threat to the existing order and international system. Washington has pursued the policy of engagement with China for a long time dating back to 1970s. It was the first time when both China and America officially contacted with the

entry of China into the United Nations. US further assisted China to join World Trade Organization in 2001 which was one of the foremost bases behind the high growth rate consequently achieved by China through reaping the benefits from financial institutions like World Bank and IMF. (Gulick, 2011, p. 34)

8.3.3 China as a Major Power and its Responsibility - An International Perception:

On various global issues, there is an international perception that China is not taking its due responsibility and it is one of the critical issues in US-China relationship. It can be seen in the pretext of China's unwillingness to join the G2 initiative of which China is always claiming that the country wasn't ready to take on regional responsibility especially Kyoto Protocol negotiations and other relevant global responsibilities. (Zhao, 2005, p. 20) On the other hand, China is strictly following the policy of resolving internal and regional issues without interference in the internal affairs of other countries. The policy is also extended to curb any tendency where the sovereignty of a country is threatened. These policies were elaborated comprehensively in the speeches of Weng Jiabao and Hu Jintao for promoting the peaceful environment in the region.

Notwithstanding, the signs of transformation have been seen in current decade in China. President Xi Jinping promotes the policy of Chinese dream of having strong nationalist footings to change the role and self perception of China. Mr Xi explained, "We must make persistent efforts, press ahead with indomitable will, continue to push

forward the great cause of socialism with Chinese characteristics, and strive to achieve the Chinese dream of the great rejuvenation of the Chinese nation.” The same way as policy, “Chinese Dream” is unfurled to be an integral part of “the Asia-Pacific dream”. In November 2014, to promote the idea of “the Asia-Pacific dream”, Xi Jinping put forward the same in APEC summit. From these act of China, it is established that China is playing a role of a responsible partner. (Bower, 2012, pp. 34-45)

On the other hand, China is playing active role in various regulatory institutions like AIIB, BRICS and those who are making the matchups between China and US. However, due to economic interdependence, the Chinese current transition to a balanced growth can become a challenge for Washington. This slowdown in economic growth is due to a shift from quantity to quality, defining structural changes in relations with America and the quest for the fresh associates “to fill the gap”. The rise of China economically is forming a platform for an increased Chinese political influence. (Kugler & Tammen, 2011, p. 56) Establishing close cooperation and economic ties with regional countries has given an added instrument to China for increasing its pressure politically over the countries. These actions were as a result of the positive part played by China, “during the Asian Crisis of 1997 to promote Declaration on the Conduct of parties in the South China sea signed in 2002”.

8.3.4 The Chinese Policy of Bilateralism:

In 2002, China was very successful in promoting its agenda while defining two

rules at the Declaration on South China Sea; one, bilateralism is the basis of holding negotiations. Two, for participation in negotiations, only countries are allowed therefore this act exclude Taiwan from the negotiations. At the 2012 annual meeting, ASEAN's foreign ministers failed to announce Joint Communiqué. (Keck, 2014, p. 21) This grand failure was viewed as a result of Chinese involvement in ASEAN. Thus, it was viewed that China was forcefully guiding its own policy with respect to South and East China seas. In 2013, under this policy an Air Defence Zone was established by China and in May 2014, Sino-Vietnamese tensions escalated due to Chinese drilling etc in the disputed areas in South China Sea etc.

US has been facing dilemma of maintaining its relations with China. However, it is difficult to maintain balance between acts of containment and maintenance of friendly relations. Due to compelling coincidences, it will result into distrusting for US strategic partners to react against China. At the moment, Chinese potentials are not at par of US to go side by side in most of the international issues. In addition, China is lagging behind of US in military, politics, economic and other power structures. (L'Estrange, 2014, p. 45) China is also deficient in societal outlook including demographic situation, instability, structural socio-economic imbalances that put traditional conditions on Chinese activities. Therefore, US has sufficient power potentials as regional power to frame and plan profitable cooperation in region.

8.4 US' TPP Versus China's RCEP:

Foreign policies of major powers for a particular region or issue are devised after analysing the regional environment, international politics and reaction capabilities of the opponents. Additionally, their foreign and domestic policies are worked out helping them to play their leading roles in the global and regional context. However, the current environment dictates that objective structural factors are behind the transformation of the global economy and politics. It excites US and China to expand their leading roles by promoting various coalitions with their accomplices. Moreover, they could counterweight other parties at various institutions and initiatives like TPP and RCEP. (Thomson, 2016, p. 51) Framing new rules for such initiatives to compete each other are very challenging. It is a complex issue because both these initiatives are framed for the same region while involving groups of countries yet with different approaches.

Regional Comprehensive Economic Partnership is comprised of approximately forty percent of global Gross Development Products and about half of world population. On the other hand, Trans-Pacific Partnership (TPP) accounts for about forty percent of global Gross Development Products and only ten percent of its population. Nathaniel Sher (2018) argues, “There are differences between the RCEP and TPP in terms of balance of power between China and US, but for the countries involved in these partnerships, free trade is first and foremost economic issue.” FTAs are signed all over the world to reduce tariff, the same way, TPP and the RCEP centre on reduction of

tariffs. This liberalization of exchange of goods will increase competition and consequently the economic growth in concerned countries will be stimulated. The TPP is on move to downsize the govt, helped industrialization and enforce labours environment. (Sher, 2017, p. 41)

On comparison basis, TPP makes preferential trade agreements and setting up relatively high standards whereas RCEP focuses on promoting congruence where there are low barriers and the entrances cost. These projects are viewed as controversial and contradictory within the countries being contemplated for the initiatives. In addition both of these projects are politically disruptive to the originators of the projects. (Apeldoorn & Graaff, 2016, pp. 76-78) Chinese regime is sending mixed signals about TPP because on one hand China supports the idea of TPP at official level whereas Chinese media highlights TPP as anti-China nature. This was the reason that in November 2014, at the APEC summit, Xi Jinping spoke to move towards FTAAP, while tight-lipped on TPP.

On launching the TPP, US designed to stuff an institutional vacuum to fulfil its leading role for the liberalization of trade at regional and international levels. With the large demand for regional institutions and Asian regionalism, the approach entirely corresponds. However, “Institutional Framework” of FTAAP for economic order of the region, the TPP has to overwhelm the political differences, developed through the decline of US as regional power and rise of ASEAN and Chinese powers. (Thomson, 2016, pp. 43-46) In addition, TPP perfectly corresponds to the demands for regional institutions and rising Asian regionalism. Respective internal and global policies will have to be

framed to promote their expertises as regional and global leaders.

8.5 Quilting the Vacuity - Grooves of Asia-Pacific Regionalism:

Mutual understandings and other economic calculations have driven the Idea of FTAAP because US-led order was not having any other alternatives to move along. Due to this, US could easily develop their plan to be followed by the regional and global policies makers. In 2001, after joining WTO, China put its hands together with US-led international economic order in free-trade area. The concept of “Free Trade Area of Asia-Pacific was resulted from various economic indications and agreement of understanding.” The Chinese govt entered very judiciously in the most important area i.e. free trade of economy promoted by US. The lack of progress in the Doha round of WTO gives impetus to FTAAP as a way to surmount the “noodle bowl” effect. (Novikov, 2014, pp. 38-40)

Bellmann (2012) argues, “Thinking the US way, a leader of trade liberalization process, TPP was a call to improve the global trade regime after the decline of the Doha-round.” Re-concentrating on regional level, US was concentrating to kill three with one shot. David Lai, (2018) says, “Rebalancing in the Asia-Pacific region, meet the demands for institution building and fulfil the US global role to promote free-trade policies and regimes.” TPP agreement works in areas like financial markets, intellectual property rights (IPR) and electronic trade through promoting WTO regionally. It also provides guidelines for fiscal strategy concerning trading activities to include the umbrella of

various tariffless exercises. (Capanelli, 2011, pp. 42-50) The effect created by complex and conflicting webs of the numerous free trade agreements in the year 2007 alone, there were around 60 FTAs whereas approximately 117 FTAs were under negotiation in Southeast Asia and the Asia-Pacific region. (ADB, 2008, pp. 109-130)

8.5.1 TPP a Possible Way to Work for FTAAP:

To negotiate FTA, the policy was very special for representing the strategy of US on trade. Mostly all developed nations extensively shared the policy related to financial flows and IPR ahead of the conditions of trade being physically conducted. In 2010s, TPP was finally concluded as the possible way to work for FTAAP. The Congress Research Report highlighted that failure of negotiations on TPP would mean a permanent setback for FTAAP. The Congress Research Report further highlighted, “It will signify a temporary, if not permanent setback to the notion of a Free Trade Area of the Asia-Pacific.” This is not only important for US but also for the regional countries who could be benefited from the agreement in due course of time. However, failure would mean dangerous consequences for the entire region. (Shanske, 2012, p. 56)

Notwithstanding, the rise of China has changed its approach towards US-led regional and global institutions while showing its reluctance to accede to the US liberal agenda. The priorities of certain developing countries changed with time and that has given China the chance to plan the agenda of its own choice for Asia-Pacific regionalism. Generally, all the developing countries became fully integrated into the

global financial system during the era of 80s and 90s and complied with the policies and standards set by the WTO for liberalization of trade. In the late 2000s, instead to deal with barriers related to trade, foremost concerns of third world countries were their poor infrastructure. ADB reflected in its report that whole sum requirement of East and Southeast Asian countries between 2010 and 2020 was US \$ 5.5 trillion for the new and improvement of available infrastructures. (Apeldoorn & Graaff, 2016, p. 45)

Table - 11. Asia-Pacific (East & Southeast Asia) Infrastructural Demands

	Estimated Investment Needs	Total Investment Needs (%)	Investment as % of total	
			New Capacity (%)	Maintenance (%)
East and Southeast Asia	5,472,327	100	71	29
China	4,367,642	79.8	72	28
Malaysia	188,984	3.4	79	21
Lao Republic	11,375	0.2	56	44
Cambodia	13,364	0.2	51	49
Indonesia	450,304	8.2	70	30
Thailand	172,907	3.1	72	28

Source: www.china.ucsd.edu

The Chinese demand was US \$ 8.2 trillion which was the largest and 80 percent of the total amount for the infrastructural investment. The ASEAN states need US \$ 1 trillion for this investment. China and ASEAN brought the regional infrastructure to be a

focal issue of economic regionalism of Asia-Pacific. It was also echoed in the APEC Declaration because they were changing while moving towards the Bogor Goals. In 2013, at the 25th APEC Summit, in Indonesia, though the demand for infrastructure development was huge but focused well. However, leaders in the same summit approved, “A Multi-Year Plan on Infrastructural Development and Investment” as a Developmental Public Plan of region. (Keck, 2014, pp. 23-27)

8.5.2 The Impacts of RCEP and TPP on Asia-Pacific Region:

Though TPP and RCEP have been framed to provide podiums for liberalization of trade to “Asia-Pacific Regionalism”, however RCEP focuses to meet the requirements of developing countries for infrastructure whereas TPP gives a more conglomerate and abysmal venue. It is quite difficult for both of the agendas to coincide and accrue the benefits of other projects under some political umbrella. Instead to be just institutional framework to establish new rules under these political outlooks in the region, TPP serves as an instrument of US policy. TPP promotes preferential trade agreements (PTA) and set relatively high standards. The needs are to promote policies including domestic and international to assist in developing their regional and global leadership roles. (Estrange, 2014, p. 56)

The existing trends reflect metamorphosis in the international economics and politics resulted due to the structural factors, which stress to improve the leadership of both China and US through intensification of alliances. These factors also work to

counterweight China and US at institutional level. Moreover the RCEP and TPP drives help to heighten the reoriented regulations in the region. Mark Thomson (2016) argues, “The two proposals involve different sets of countries rather they also take very different approaches.” Principally, TPP would prove to be a footprint in the direction of FTAAP for developing trade liberalization. It will help in fixing comparatively high standards but undertaking preferential trade agreements which will be beneficial businesses for US. (Xiao, 2015, pp. 45-67)

Table - 12. GDP of TPP Signatories 2015

Signatory	GDP	% of Total
US	18,037	64.8
Japan	4,383	15.8
Canada	1,551	5.6
Australia	1,339	4.8
Mexico	1,144	4.1
Malaysia	296	1.1
Singapore	293	1.1
Chile	241	0.9
Vietnam	194	0.7
Peru	189	0.7
New Zealand	174	0.6
Brunei	13	0.05
Total	27,854	100

Source: World Bank <http://data.worldbank.org/indicator>

Capling and Ravenhill (2011) say, “The TPP can be seen as an innovative and uniquely Asia-Pacific approach to rationalizing the noodle bowl effect of PTAs into a more coherent partnership.” TPP will generate annual income of US \$ 295 billion whereas the Asian income would be US \$ 500 billion by 2025 as claimed by Petri and

Plummer. The figures of gains will reach to US \$ 1,922 billion from the ventures of “region-wide free trade,” making it to be 1.9 percent of the total GDP. US gain will be as estimated US \$ 78 billion annually from these ventures. Resultantly, US will conduct about US \$ 267 billion trade with region. On the other hand, RCEP is not biased as TPP rather RCEP is more concerned, “to improve connectivity and to attract countries to ‘the entrance’ costs and barriers to be much lower”. RCEP has the potentials of generation about US \$ 26.3 trillion because RCEP is representing 32 per cent of world GDP. (Das, 2013, p. 78)

In this direction, a significant step was taken by eleven countries from Asia-Pacific towards free regional trade and investment. These countries have signed Comprehensive and Progressive Agreement known as Trans-Pacific Partnership (TPP) that is representing around 13.6 percent of global gross domestic product. The Intellectual Property entails the most detailed and advanced standards on IP in trade agreements. On the other hand, State Owned Enterprises (SOEs) emphasise the member countries to share information about their enterprises with one another. This was a major step taken towards addressing the difficulties about state intervention in markets. Moreover, the rules related to e-commerce and SOEs will help the member states without their participation. However, a study conducted by the Peterson Institute highlights that the US move out of TPP will result in a loss of US \$ 2 billion from the earlier estimates of US \$131 billion gain under TPP. (Sher, 2017, pp. 34-42)

Table - 13. Fact Sheet of TPP and RCEP

Multilateral Organisation	Population (million)	Global GDP Share (%)	GDP Growth in 11-15 Year (%)	Trade Share within Region (%)	Target Year	Market Regulation	Leader
RCEP (Countries)	3400	28.4	7.1	44.2	2015	Exceptions allowed	ASEAN
TPP + Japan (12 Countries)	800	38.2	4.2	41.6	2013	Abandoned in principle	US

Source: <https://www.hse.ru/data/2014/12/08/1105125486/09IR2014>

China and US are required to formulate domestic and foreign policies which may boost their regional and global leadership. The current trends and events around the globe indicate that the structural factors are the reasons for the transformation of the global economy. (Kaplan, 2014, p. 9) In addition to global economy, international politics instigate the major powers to further improve their authorities through promoting respective coalitions with other nations. The successful conclusion of CPTPP even though with the US retreat from its historical role of leading trade liberalization has indicated that other countries are able to come forward to fill the vacuum. Major economies such as Japan are ready to provide leading role to revise its image of being a passive country in the multilateral trading system. (Cook, 2017, pp. 8-14)

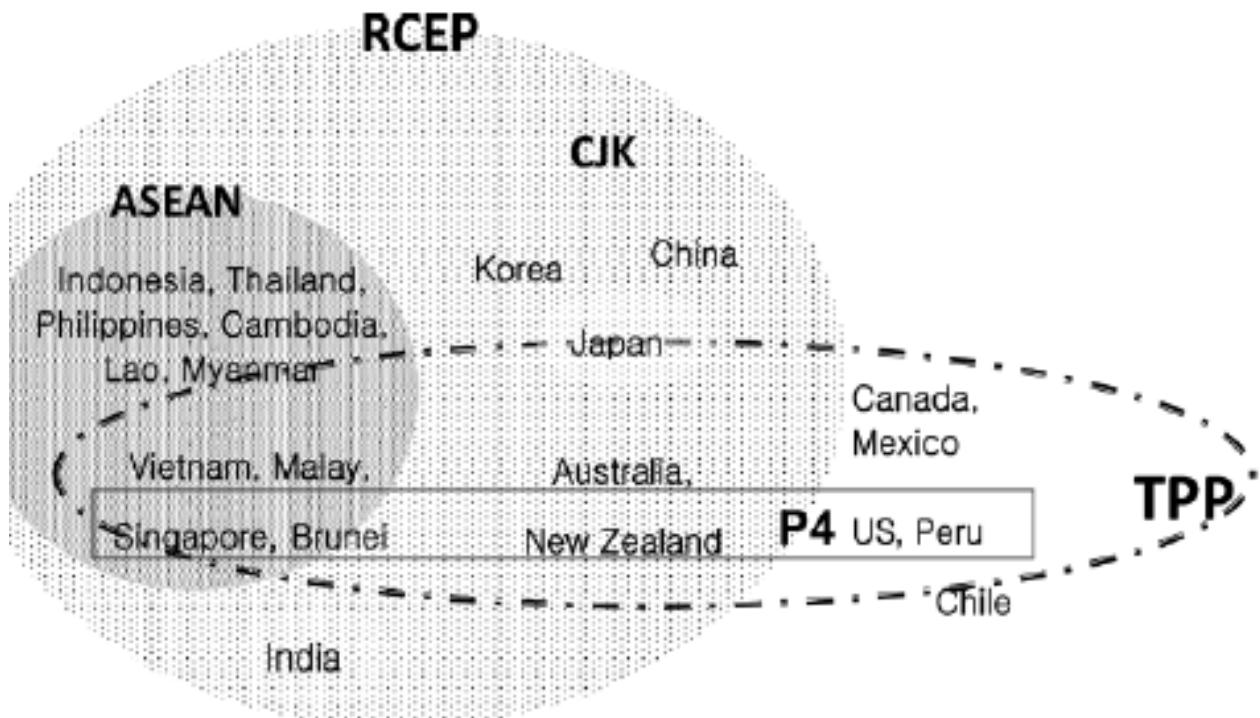
8.5.3 Suspicions of Member States about TPP and RCEP:

After thorough analysis, the TPP and RCEP ventures can be viewed as contentious and short of the required level to address various issues related to states considered to be participating in the enterprises. In case of Japan, the Japanese heavy barrier is its agriculture contributing approximately 1.6 percent of the total Japanese GDP. On the other hand, the strength of farmers is reducing because of old age (60) which creates political debates. Similarly, US is facing the dilemma of consensus among the members of the house; the president has received around 75 percent of the members of House Democratic Caucus to reject the framework of Trans-Pacific Partnership. The glaring issue is the consensus among the members leading these initiatives. With all its pros and cons, yet there is a possibility for the small Asian states of misunderstanding these two parallel projects in their dealings on the basis of bilateralism or multilateralism. (Xiao, 2015, p. 27)

Generally, RCEP and CPTPP are the speculum of conflicts between developed and developing economies in the region. It is for the same reason that the Chinese regime is waving mixed signals about the Trans-Pacific Partnership. TPP is being supported through the leaders' speeches whereas it is strongly opposed to be anti Chinese through media. Dmitry P. Novikov and Anastasia S. Pyatachkova (2014) analyse, "This is viewed by experts for more than an explanation as to why President Xi Jinping talked about moving to FTAAP on APEC summit in November 2014 without even addressing

to TPP issue." In general, TPP has been made more attraction in comparison to RCEP being promoted by China. This will bring competitive pressure on RCEP as the RCEP negotiations are at an advanced stage. In economic terms, the Peterson Institute for International Economics has envisaged that RCEP would be able to generate revenue of US \$ 286 billion by 2030. (McMinimy, 2015, p. 13)

Figure - 9. Memberships in TPP and RCEP



Source: www.repository.upenn.edu

Nonetheless, TPP-16 would largely increase the economic potentials after the inclusion of five more countries. These five countries are showing keen interest in

joining and due to their addition, will generate an income of US \$ 449 billion. TPP after joining those five more members will have more members than the RCEP. The total GDP of TPP-16 is only half of those in the RCEP, thus will mount pressure on both the great powers to join multilateral institutions. Furthermore, Douglas Lippoldt, HSBC's chief trade economist has predicted, "An accord among the 'TPP-11' could boost trade in the region by 6 percent and will provide gains of US \$157 billion and due to the trade diversionary benefits, non-signatories like China could face US \$10 billion in net trade losses." Thus the prospects of both initiatives seem weak but due to economic interdependence of these initiatives, the big economies will have to be working together for trade liberalization. (Apeldoorn & Graaff, 2016, pp. 56-61)

8.6 Conclusion:

After the withdrawal of US from TPP, its discontinuation was inevitable but eleven govt's determined to save the initiative. Therefore they deserve the credit for preserving TPP from the ambitious of pact of liberalization of trade. Most of the regional states including Indonesia, Thailand, Taiwan, Philippines and South Korea, though not having the status of members but still they are interested to take part in the TPP. However, all these states have given their willingness for the membership of TPP. It is believed that after its enlargement to TPP-16, will have strenuous benefits for the entire region. In the best interests of the organization, each member should extend its efforts to convince others regional states to join TPP. Asia-Pacific nations were looking for US to

be their permanent ally but have backed out from the project however, persuading US will be in its own interests to rejoin the initiative spearheaded by them.

A prosper trade block in the name of TPP would help all the members including China to progress well through access to the world markets but Mr Trump has given a diversified vision of bilateralism over multilateralism. During his visit to Vietnam he persuaded bilateral agreements and rejected large multilateral agreements. In his vision, bilateralism can provide a better scope. It is always advantageous if an arrangement for free trade is enhanced, however bilateral projects are undertaken on small scale with slow progression. Therefore, such bilateral initiatives will in no way favour US businesses rather these will be injurious to their business communities. Many sectors in US will suffer especially the US exporters will shrunk the exports due to obvious reasons. US needs to rethink for enlarging the scope of markets through multilateralism and keep up the pace if need be for bilateralism.

FINDINGS AND RECOMMENDATIONS

9.1 General:

The study has successfully addressed the objectives and research questions given in the introduction chapter. In addition a few more questions have also been addressed like has Chinese transition into a global power impacted on its relationship with the US? If yes, which areas and issues dominate this relationship? Would power transition result in conflict or would we witness a more careful interaction between the two powers, and why? Chinese and US engagements in Asia-Pacific in the context of US Rebalancing and Rise of China have been analysed through three defining developments in the international arena. The study was undertaken with the objective of determining how Sino-US relations would evolve with respect to their interactions and interests in Asia-Pacific, while viewing the three conflicting arguments found in the discourse; **first** which felt that China and the US would clash and engage themselves in armed conflict; **second** which believed that Chinese and US interdependence precluded such an outcome altogether; **third** which considered that power transition between China and US would be peaceful or forceful.

The study draws on Wendt's argument that a state's behaviour and its interests with respect to other states are determined by the identity accorded by other states. The study also made use of the core argument of Complex Interdependence, which essentially

posits that two states exist within a framework of complex interdependence when their relations are not dominated by a single agenda and resorting to a military option for conflict settlement. The third argument studied was about peaceful power transition between China and US. The history of Sino-US relations was examined, focusing in particular on the key issues which had an impact on shaping their perceptions towards, and the consequent identities and roles they assigned to each other. The rise of China was also examined in detail, providing an overview of how China's role evolved in this regard and how the international community responded to this phenomenon.

The perceptions of Sino-US relations are grounded in the intent and subjective understandings of each other's interests and compulsions. These perceptions can easily determine how best the two states interpret each other's actions in the wake of China's rise and US Rebalancing of Asia-Pacific. Opposing perceptions had not only moulded their reactions towards each other but had also played a part in determining the reactions of the international community towards the opposing sides. Converging Chinese and US interests in the Asia-Pacific region were also examined to develop an understanding of the areas for potential conflict. The Sino-US cooperation could be focussed to reason out as to why China and the US should ill afford to engage in conflict with each other.

9.2 Key Findings:

- a. **Rising China, US Hegemony and Power Transition:**
 - (1) With the help of the nature and practice of international hierarchy

the patterns of the international order and the transition after the Cold War can be easily evaluated. Moreover under the same environment of hierarchy in the international politics the role of China's rise is easily understood.

- (2) Generally, a stable political order has been demonstrated in Asia-Pacific region however, yet some activities in the region may lead to suspicions to armed conflict, like terrorist attacks in the Middle East, the nuclear issue of North Korean, Kashmir issue between nuclear Pakistan and India, the Taiwan issue, and Skirmishes in Central Asia etc.
- (3) Rising China will predictably have an impact on US' hegemony in Asia-Pacific. Notwithstanding, US and China can put up to fabricate an effectual machine for addressing the remonstrations starting from security concerns to build a long lasting stability of Asia-Pacific and consequently to power transition.
- (4) Power Transition will present a security dilemma for US being a hegemon and China being the emerging power. Both these powers involved in disagreement on all major and minor issues including an environment of confrontation leading to power rivalry, power structure and treacherous environment.
- (5) The study deduced that power transition will lead to three

outcomes; **first**, China will effectively defy the US being a hegemon and a power transition will take place in favour of China in the region. **Secondly**, failure in power transition will usher to conflict and mess and in such situation US will have to further reinforce its hegemonic position and China will be unable to find its standing. **Thirdly**, a new bipolarity in balance of power will be established in that US and China will venture out containment, mutual deterrence and spheres of influence in search of hegemony.

b. **Legitimization of Asia-Pacific Concept.** The region abbreviated as APAC/AsPac etc, is an area of Pacific Ocean that ascribes to Asia spreading to Australia and West Coast of North America covering approx twenty two percent of the global land area. The region divaricates volumetrically, depending on the context of reference, but it includes parts of Oceania, Southeast Asia East and South Asia. Asia-Pacific is an important region, a driver of geo-politics, spanning the Indian and Pacific oceans that blusters over half of the globe's population, including the main arteries of international economies and as residue of major power centres like India, China and Australia etc. Due to its dynamics, there are plausible reasons that Asia-Pacific will emanate as the mother region in the coming days. Historically, in seventies with the concurrence of US, Japan and Australia, the concept of Asia-Pacific emerged. The Asia-

Pacific concept legalizes the US' involvement in the issues related to East Asia. In plain term, Asia-Pacific region invokes Asia, Australia and West Coast of North America that has all the potentials to crop up as a galvanic force of the Geo-politics.

c. **Dynamics of Asia-Pacific.** The threshold of globalization has already been crossed by the world, resulted into disbursing of European investment and trading familiarity that are matching the plentiful wherewithal in the Pacific. The region composes of thirty six countries, having a population of over four billion making them to be 65 per cent of the world's population, who speak over 3000 different languages. Specifically to the East and Southeast Asia where 1/3 of the world population is living who produce over one-fourth of world exports. Three economic giants China, India and Japan are located in Asia-Pacific whose economies have picked up across the region to be at 6.6 percent in 2015 and 6.4 percent in 2016. In the coming days, the dependence on the routes located in the region for transportation of oil will increase. EIA analyses, "Malacca Strait is the major Sea Lane of Communication through which fifty percent of the world's crude oil, sixty six percent of its natural gas and forty percent of the international's trade are transported, however, these figures will increase due to the growing demand of energy internationally".

d. **Strategic Significance of Asia-Pacific.** Strategically, covering 22 percent of world land, Asia-Pacific is one of the eloquent regions that comprises three well developed Economic Powers of the World i.e. China, Japan and US. Asia-Pacific is located at a junction of Europe, East Asia, North America, and Middle East with sufficient Sea Lanes of Communication for global trade. Moreover, the region encompasses world's six largest ports and six vital Sea Lanes of Communication i.e. straits of Makassar, South China Sea, Lombok, Malacca, Ombai - Wetar and Sunda. US Energy Information Administration (EIA) holds the Strait of Malacca as an important maritime chokepoint in the region. Goldman Sachs confirms that hub of global economic activities will be transferred to Asia-Pacific decisively by 2050.

e. **US' Engagement in Asia-Pacific.** US' engagement in Asia-Pacific has two parameters; the Cold War's commitment to Asia security and US' safeguarding its vital interests through its Navy. US accentuates to continue its forward deployment and strong military alliances in the region. The important aspects on regional stability in relation to Asia-Pacific are; averting a Great War, stability of power distribution, stability of institutions and norms, stability of political and economic order within the regional states.

f. **US Core Interests in Asia-Pacific.** Politically, Asia-Pacific being a

unified region is accomplishing US' future role with a podium to play. At this context, US has already conceived that most of the economic activities would be shifted to East Asia, therefore, they have also reshuffled its priorities. To this end, the core US' interests in the region are, to promote free trade, prevent nuclear proliferation, capitalize on open markets and maintain safe and secure Sea Lanes of Communication. In addition, US' policy has been re-patronized towards Asia-Pacific for maintaining and expanding security network, strengthening the economic relations with her new and old allies and concurrently focuses to contain China. This proactive role is prevailing over Persian Gulf, Indian Ocean and South China Sea by involving Japan, Australia, and India etc.

g. **Chinese Core Interests in Asia-Pacific.** China wants to enhance its maritime power for some basic purposes including security of China. The Chinese security is comprising of territorial waters and oceanic frontages mainly to get, “effective management of its claimed Exclusive Economic Zone (EEZ), recovering of stolen islands in South China sea, security of the sea lanes of communication, control over Taiwan and its surrounding territory, and to build a powerful blue water navy through which, China can project its power in need and protect its expanding interests.” According to Chinese perspective, maritime power is essential to become a global power in real.

h. **The Significance of Sea Lanes Communication in Asia-Pacific and East - West and North - South Routes.** Asia-

Pacific region is located at the junction of two important Sea Lanes which are massively travelled; East-West route, bridges Pacific and Indian Oceans whereas North-South route, intersects New Zealand and Australia to Northeast Asia. All critical supplies like, natural resources, gas and oil are transported through these routes to and export finished goods from Korea, Japan and China. These chokepoints in shape of Sea Lanes of Communication (SLOC) immensely influence the effluvium of oil and other natural resources and provoke competitions among great powers to rule over the important oceangoing lifelines. US desires to ensure maintenance of safety and security of sea lanes, particularly those that connects US with its allies. US' maritime strategy seeks sustenance of reliable combat power so as to foil attempts at disruption of key Sea Lanes of Communication (SLOCs) and commerce.

i. **Rebalancing of Asia-Pacific.** The military engagements in Iraq and Afghanistan in similar timeframes kept the US so busy and thus, could not articulate a rationale strategy to mammoth China's challenge until the resumption of office by President Obama in 2009. President Obama govt's initiatives were termed as the US strategic shift or rebalance to Asia-Pacific. Rebalancing of Asia-Pacific emphasizes three important and

pertinent proposals in fields of security, economics, and diplomacy.

Important parameters of the strategy were highlighted that US would review its strategy in Asia-Pacific while regaining its superiority in economics with continuous support to democratic values, and implementing the regional security order. The accomplishment of this paradigm shift in strategic policy was initiated. The phenomenon of rebalancing was also triggered by the need to reassure US partners, accomplices and other states in the region that US has never been crippled after a decade of war. This has also been ensured that US had never been halted by political and economic headaches at domestic level and at last but not the least to tell the world that US was not planning to extricate itself from the affairs of region.

j. **The Deployments of US Forces and Defence Agreements in Asia-Pacific.** The US strategic shift to Asia-Pacific along with the deployment of forces has inked new defence agreements with Philippines, Australia and Singapore. The agreements include the deployment of forces on rotation basis, joint training and short and long joint manoeuvres. In June 2013, Charles Timothy Hagel, Ex Secretary of State informed that Australia Warship would be included in US carrier strike formation in West Pacific in accordance with the agreement with Australian Govt. Similarly in 2013, first of the four US littoral ships

reached Singapore's Navy port. Moreover, US - Philippines were to work out proposals for new defence pacts formalizing the rotation of stealth aircrafts and US combatants in Philippines and conduct of joint manoeuvres. US was building diligently stronger links with Indonesia and improving its commitment with ASEAN through, "Treaty of Amity and Cooperation (TAC) and then joining the EAS". Special efforts were made to renew its alliances with the regional countries including Thailand, Japan, Philippines, Australia and South Korea. Concurrently, US took a forward step on the issue of "Liberty of Navigation in South China Sea and called it as a matter of US national interest".

k. Asia-Pacific as a Next Theatre of War. Chinese ties in Southeast Asia have been weakened due to the politico-military and economic ingress of US with ASEAN states because both China and US are playing a geo-political chess game in the region. The states momentous functions, the exceptional allurement of demography and the neoteric mercantile progress, are taking Asia-Pacific on adorable position. With the potentiality to be a next theatre, major powers like Russia, Australia, European Union, India and especially US and China will remain involve in a state of competitions for their national interests in Asia-Pacific. US is a long-term stakeholder in Asia-pacific and is considered to be maintaining irreplaceable status but China's economic growth in recent

years is also a factor in redefining the actual status. From the Geopolitical prospects of Asia-Pacific, it is deduced that China will continue to expand her power and US will respond to invest its efforts for regaining any losing to China. Due to this manifestation Asia-Pacific will be a belittling region where Sino-US matchup will be unravelled.

l. **Economic Element of Rebalancing and US' Economic Policy in Asia-Pacific.**

Worldwide, economic links of the region could not be really evaluated in the military factor in the regional politics. Therefore, Obama's administration, after sensing the importance of region with its immense economic growth and multilateral groupings re-oriented the rebalancing policy. Asia-Pacific being a lifeline for world in general and US in particular, the rebalancing Policy was reshuffled to economic initiatives which were emphasized and framed to be focussed in shape of Trans-Pacific Partnership (TPP). Trans Pacific Partnership is a multilateral forum involving US with eleven states including Mexico, Canada and Japan. Moreover, Obama administration in view of forging regional multi dimensional economic engagement was committed by seven percent increasing in external aid to the regional states.

m. **Rising China Versus US Rebalancing of Asia-Pacific.** China and US continue to see each other through the historical prism that shaped their initial perceptions and were cemented over times. The same notions

also shaped as to how US will respond to China's rise and China to US Rebalancing. This state of affairs makes it difficult if not impossible to overcome their mutual lack of trust towards each other. However, it is not turning out to be the determining factor in shaping what will be their mutually accepted framework for future interaction and engagement in Asia-Pacific. Essentially, both countries are in agreement to the fact that their heavy interdependency and unfolding their engagements will have deep ramifications for international affairs. The restructuring and modernization of PLA of China along with acquisition of sophisticated technology is a matter of concern for regional states coupled with constant rise in Chinese defence budget standing at US \$ 175 billion dollars for 2018 with an increase of 8.1 percent as compared to US defence budget of US \$ 699 billion dollars in 2018. Although US' defence expenditures are far ahead of China but still the ratio of annual increase is a source of worry for US as well as regional states.

n. New Bamboo Curtain versus String of Pearls Strategies.

String of Pearls, was the Chinese appearance as an emerging power, whose projection of power would range from one corner of Asia-Pacific to the other. Therefore, this strategy has challenged the US supremacy to control the Sea Lanes of Communication in Pacific Ocean. To counter this strategy, US pursued for containment of China through its new

strategy, “New Bamboo Curtain” which stretches over the entire Asia-Pacific and rest of the world. In need, US will disrupt all the supplies including energy to China during their shipment especially through Strait of Malacca. To counter the US strategy, China has been positioning itself in a series of ports starting from Persian Gulf till South China Sea including the construction of China-Myanmar pipeline, ports of Bangladesh, Sri Lanka and Pakistan. Specifically, Gwadar of Pakistan shortens the supply distance to about 3500 kms from Persian Gulf to Shanghai Port, and rest of the ports are supplementing the oil supply to avoid Strait Malacca if blocked, therefore these ports provide opportunities to improve their relevance to China.

- o. Abandonment of Trans-Pacific Partnership and the Initiation of One Belt and One Road Initiative.** Of late, the existing security arrangements of the region have been affected by two important events in the region; the abandonment of the Trans-Pacific Partnership by Mr Trump of US and initiation of One Belt and One Road (OBOR) by Mr Xi Jinping of China. As usual the regional countries re-orientated their policies towards the two giants. On one hand, there are vague commitments of US to its traditional allies but on the other hand, there are encouraging gestures from China with billions of offers for improving of infrastructure, hence it has the chances to muddle the Asian

order. “Trump’s America First Policy and Xi’s Policy of deep pockets for China’s neighbours have already made several US loyalists to recalibrate their alliances”.

p. **US Containment Strategy and Chinese Response Strategy in Asia-Pacific.** Chinese strategists are of the view that US stands as a continuing exterior threat to China’s national re-emergence as regional power. They believe that US is aware of China’s potentials as an emerging power in Asia which needs to be contained or at least slowed down or else it will be sooner a challenge to US in the region and global influence. Chinese scholars validate these views by mentioning three main trends in US policy such as attempting to promote the Chinese political system towards democratization. Incorporating China into international community is profoundly prejudiced by US rules such as US using its allies in the region to prevent Taiwan’s reunification with China. China has rising concerns over US-Japan alliance, most scholars believe that now the alliance is not aiming really about military cooperation among US and Japan rather it is more aimed at Chinese containment plus prevention of Taiwan’s reunification. Such Strategy has persuaded China to establish stable Sino-US relationship but at the same time it is making efforts to undermine US attempts to contain China’s resurgence.

q. **Sale of Arms to Regional Countries.** In the wake of threats being

posed by both China and US, all stakeholders in the region are focussing to improve their defensive capabilities to safeguard their territorial integrity. Towards this end, an arms race has been observed which is extremely harmful to the peaceful environment of the region. In this regard, sales of arms to Taiwan by US, has been the bone of contention between US and China in this triangle. US is keen not to provoke Chinese indignation and has acted to maintain a balance in its ties with China and Taiwan. The last documented sale of fighter jets to Taiwan was considered one of the items it mostly wanted and vigorously pursued. Due to Chinese purchase of Su-35s from Russia, Mr Bush ex US President had sanctioned the sale of 150 F-16 A/B fighters to Taiwan, despite of knowing that the deal would receive fierce Chinese reaction.

r. **US-Led Regional and Global Institutions and the Focus of Third World Countries for Improvement of Infrastructure.**

The rise of China has changed its approach towards US-led regional and global institutions while showing Chinese reluctance to accede to the US liberal agenda. The priorities of certain developing countries have been changed with passage of time that has given China the chance to plan the agenda of its choice for Asia-Pacific regionalism. Generally, all the developing countries became fully integrated into the global financial system during the era of 80s and 90s and complied with the policies and

standards set by the WTO for liberalization of trade. In the late 2000s, instead to deal with barriers related to trade, the foremost concerns of third world countries were their poor infrastructure. ADB reflected in its report that whole sum requirement of East and Southeast Asian countries between 2010 and 2020 was US \$ 5.5 trillion for the construction of new and improvement of available infrastructure.

s. **US' Air Sea Battle Concept.** The US implemented the concept of Air Sea Battle (ASB) to achieve synergy, teamwork and harmony in US air and naval operations for thwarting anti access strategy of China. Announcement of this new concept was made by Obama administration in annual review of Quadrennial Defence in 2010 with a view to launch simultaneous attacks on adversary's sensors and weapons deployed for area denial strategy. US defence leadership appreciated that adversary communications, computers, control, command, intelligence, reconnaissance and surveillance systems would be disrupted through ASB. This would be done through breaking the chains of enemy defence and destroying weapon launching facilities including aircraft, ships and missile sites.

t. **US' Debts to China and Chinese Enlarged Scope of Economic Regimes.** “The US' debts to China is US \$ 1.18 trillion as of June 2018, that's 19 percent of the US \$ 6.2 trillion in Treasury bills,

notes and bonds held by foreign countries and the rest of US \$ 21 Trillion national debt is owned by either the American people or by the US govt itself.” The US interest rates have reduced due to the purchase of US debt Securities. In addition, China has remarkably enlarged its scope of economic regimes and trade related policies during the last three and half decades, however China has imposed some policies contemplated to be disfiguring the capital and trade drives. Morrison (2018) argue, “These policies consist of the extended cyber economic espionage of China against US firms, extensive use of industrial policies, mixed record on implementing its WTO obligations, discriminatory innovation policies, useless record to implement intellectual property rights, and interventionist policies to influence the value of its currency.” Nevertheless, these policies negatively impact the economic interests of US rather these contributed losses of jobs in a number of industries.

u. US under Trump and 100 Days Plan Outcomes Initiative.

US, under the Trump administration, has promised to take more favourable steps to demonstrate aggressive posture to curtail trade deficits in, “Bilateralism, Implementation of US Laws and Agreements on Trade and Advancing Free and Fair Trade with China”. In May 2017, China and US publicized the 100 Days Plan Outcomes Initiative. This Initiative on Trade was consented in meeting concluded in April 2017 between Chinese

President Xi and US President Trump. The outcomes include market access commitments by China on US beef, bond underwriting and settlement, biotechnology products, electronic payment services and credit rating services. In addition both the countries held 1st session of lately founded Sino-US Comprehensive Dialogue in May 2017 but they have not publicised the outcomes of the session.

v. **Greater Interdependence Minimizes the Chances of Conflict.** The essence of interdependence and globalization is based on multi-lateral cooperation and integration. Initiations of multi-lateral initiatives by the great powers with support of other states are considered as legitimate and lawful. Considering the multilateralism and interdependence milieu, litigious issues are addressed after getting on one page with other powers. Comparing the relationship between interdependence and power, Keohane and Nye gave complex interdependence concept with three basic notions, **one**, policy objectives of a state is not set in constant hierarchies, but subjected to tradeoffs, **two**, availability of multi-faceted means of communication among the societies widens the spectrum of policy mechanism and **three**, use of military force is mostly inappropriate. Last factor highlights that greater interdependence between states minimizes the chances of conflict. States are less prone to employ hard power for settlement of disputes with

common economic and political interests. However, interdependence and power transition need to bring conceptual clarity to conclude that rising China and power transition are two realities which must be accepted by the intelligentsia in US. Moreover, these realities suggest that China should be incorporated in the world structure as soon as possible. Rise and fall of great powers are very interesting phenomena in global system. Traditionally, power shift from the dominant power to emerging power was linked with a series of wars in international relations. US though a great power for a century, but a decline has been witnessed in her power potentials since 9/11 which has triggered the demise of the US economic and political hegemony worldwide. If the tradition of historical classical cycle repeats itself, the role of US will be marginalized in the global structure in the coming days.

w. **Power Transition and its Impact.** Power transition is a structural and vibrant approach to international affairs. It focuses on power relationships and rightly lined with realist's school of thoughts but unlike realist theories, it focuses on the role of dominant state in managing the status quo and de-emphasizes the role of anarchy. Power transition sees global politics as a hierarchy of nations with altering levels of cooperation and competition. There is always uneven distribution of power among independent sovereign nations. It is believed that US forces disposition

and other alliance has averted the rise of emerging power and such aspects conferred peace and regional stability. So, the strategy of re-adjustment in Asia-Pacific as thought out for sticking to go tough with China is reinvigorating Cold War alliances in East Asia for unified front against China. It is further perceived that if China is raised to status of superpower, US' interests would be compromised, therefore, such defining event would create standoff between China and US in the region.

x. **Prospects of US-China Relations in their Engagements in the Region.** An euphoric consummation is conceivable yet not ensured whereas emerging forces don't generally go against traditional forces. On the off chance, if the Beijing's desires are non-hegemonic then the vital essentials for Asia-Pacific concurrence will be set up. Through helpful engagement with the Chinese partners, American pioneers can show the long haul profits and Beijing would revel in from a Chinese territorial carriage that shuns grievous weight, intimidation, zero-sum rivalry and grasps existing world standards that hold guarantee for continuous Chinese advancement.

y. **Prospects of Bilateralism and Multilateralism in Asia-Pacific.** The US diplomatic engagement and quest for furthering US objectives in regional multilateral organizations (EAS & ARF) are important facets in the region. Obama's administration laid emphasis on

regional institutions for shaping the regional security order and economic growth. Additionally with the strategic re-orientation and upholding regional multilateralism, the US leadership pursues broad based engagement in multifaceted issues in the region i.e. establishment of maritime security order, nuclear non proliferation and free trade. Furthermore, regional states along with regional powers particularly in Southeast Asia prefer and conform to US role in regional multilateral organizations. Multilateralism was openly supported in the region but US concentrated on bilateral security alliances. US called for multilateralism as a strategic move to make the allies believe that the buck would not be passed to anyone else. Similarly, the major allies of US, South Korea and Japan also backed multilateralism but bilateral alliances were acknowledged as a source of stability and balance. If US make new alliances, it would be taken as an endeavour towards the containment of China. On contrary, if Chinese work on to go for new alliances it would be considered to get US out from the affairs of the region.

z. Armed Conflicts versus Economic Interdependence in Asia-

Pacific. Armed Conflicts versus Economic Interdependence in Asia-Pacific can be seen through two conflicting arguments; **one** that China and US would find themselves engaged in armed conflict and the **other** that Chinese and US interdependence precluded such an outcome altogether.

Contending US for limiting its activities in South China Sea, China contemplates to solidify its control in the region. If China can show its cards successfully through pushing away US from influencing in Asia-Pacific, then the strategy of ASEAN's balancing may be easily muddled, hence China will grasp hegemonic position. The shift in the economic activities from West to East and the growing geo-strategic importance of the Asia-Pacific have eventuated in competition and cooperation between the dominant and emerging powers. On one hand, the economic cooperation between China and US has been considerably increased whereas on the other hand, the anatomy of geo-political and geo-strategic, is lingering on ambiguously. In reality, the cropping up swings and contentious issues in the region allow unique hopes with concurrence of horrifying ultimatums to states. These developments have created great preoccupation and controversies among the academicians, policymakers and researchers throughout the globe.

aa. **China as Super Power or Global Actor and its Strategy on**

Win without War. China possesses many attributes as of super power like a large continental land mass, largest population, second large economy, second large military, second large budget, more foreign reserves, highest growth rate for three decades, largest exporters, world second recipient of FDI, largest hydroelectric dam, more millionaires and

billionaires, largest producer, a manned space programme and an aircraft carrier and largest museum. Despite these attributes, China instead to be a superpower it is a global actor because it has to establish its vitality of becoming a true Global Power. On other hand, the strategy of Chinese policy makers about wining war is to “Win without Fighting” by displacing US as the leading power in Asia hence Chinese will avoid direct confrontation. China has turned out as an overwhelming global economic power peacefully and it is all set to get away with the influence of US in East Asia and Western Pacific region. China will challenge unrestricted warfare (URW) of US through asymmetrical method of warfare to win without fighting thereby reorienting the international security situation in their favour. This was clarified through Sun Tzu’s dictum much earlier that the culmination of an event basis on to win without fighting a battle thereby meaning to win without a fighting is better than to win hundred times with fighting. However, the fact is that US is a liberal democracy and China is under authoritarian rule.

bb. Efficacy of Power Transition versus International Order.

The power transition will raise concerns from relevant quarters as Chinese rapid growth manifests troubles for international order resulting to heightening frictions. Power shift confirms that Chinese rise is threatening to the peaceful environment and to the prevailing international

system. The Power Transition Theory explains that China and Russia being dissatisfied challengers will come closer if US does not tone down its rebalancing strategy in Asia-Pacific. Therefore, power should be more evenly distributed between emerging and established powers of Asia-Pacific. Such environment will create a situation for the Asian powers to maintain their stay in the global order.

cc. **Economic Regionalism in Asia-Pacific.** The unfolding of the global economy and future of Asia-Pacific are the two main trends that determine, “the rise of Asia and Asia-Pacific regionalism.” The rise of China and other regional countries have greatly altered the redistribution of wealth and power across the globe. However, along the economic growth, there are negative political outcomes such as the transition in balance of power and the prevalence of security threats in the region. With these changes, the current Sino-US relations have shown a great tilt. Rising China and the US Pivot have given birth to a raging tug of war between US and China in Asia-Pacific. This antagonistic approach is quite risky for the international community for the preservation of regional economic growth which is a vital factor for successful mainstreaming of China in the global system.

dd. **Chinese Hegemony in Asia-Pacific.** A hegemon as explained by Hegemonic Stability Theory means to reduce anarchy, to provide

systematic array to the international system, working to deter aggression, promotion to the international trade and get on at the best in providing a base currency. Realistically, if China continues to seek power irrespective of its political affiliations either as a democratic or communist nation state in near or long term, will command Asia-Pacific from the Gulf of Oman to the East Sea. China's steady economic growth and up-gradation of its indigenous arsenal pose US with serious consequences. In this respect a vibrant roles by Russia, India, Brazil and South Africa in international politics is helping China and discouraging the US hegemonic role in world politics. Nonetheless, concrete efforts are required for administering Sino-US relations during the epoch of uncertainty of Chinese rise and US relative decline. China and US are inexorably affianced in power transition process, who are also accosting the customary norms of conflict of power transition and they are working together tranquilly. Chinese leaders are realists and as a land power their pursuit of power will ensure their survival. China has secured its land borders with all fourteen countries and has been on lookout towards South China Sea and beyond. While placing China in conflict with her seaborne neighbours and ultimately then US, Chinese nationalism has a desire to reclaim its place as hegemonic power because China is well aware of her maritime insecurities. In this context, some parallels and similarities can be drawn

between Athens (US) a maritime power and Sparta (China) a land power.

ee. **Chinese Territorial Integrity and Sovereignty and Nonstop Supply of Oil to China.** Nothing will be taken precedence over the Chinese national interests, particularly with regards to ongoing challenges to its territorial integrity and sovereignty. These are the issues where China has registered the strongest reaction and signalled the strongest displeasure. However, for sustenance of Chinese economy, China greatly depends on its energy needs from North Africa, Persian Gulf and other Middle East countries. Therefore, nonstop supply of oil is the Chinese vital lifeline. Due to the US presence in Asia-Pacific, this lifeline will be constantly threatened in view of any hostility in future. On the other hand, US allies are straddling in the region where Malacca Strait and other waterways are located nearby. This presence is having an unambiguous impact over the security of oil supply to China and any interruption will greatly affect the economy of China.

ff. **Chinese Adherence to WTO Conditionality and US Trade Deficit.** In China, the FDI of US Multinational Corporations has been increased in the last few years. China has been seriously undertaking the conditionality to come up to the requisite level of WTO. For this purpose China has initiated moves to fulfil those conditions which were necessary for the membership of WTO. To substantiate, the tariffs on agricultural

products have been reduced from 22.5 percent to 17.5 percent. In addition, the tariffs on US priority products have been reduced from 31 percent to 13 percent. US reduced the Chinese export so that they could reduce the trade deficit. However, doing so will have no positive impact on the overall economic situation because US will have to import same labour intensive products from the rest of the world instead of China by paying equal or more prices.

gg. **Forecasting of Economies - China and US.** China's economy will overtake US economy in overall output and will dominate Asian region. The most straightforward estimate was published in the Global Paper by Goldman Sachs in March 2007 whereas its predictions are strikingly accurate. The paper compares, side by side, GDP estimates for 22 countries in five-year increments, starting with actual figures for 2006 and going through 2050. It estimated China's GDP in 2010 at \$ 4.667 trillion, compared with \$ 4.604 trillion for Japan. In 2018, the US's GDP was \$ 21.1 trillion and China was \$ 9.2 trillion. By 2030, China's GDP will be \$ 25.61 trillion, while that of the US will be \$ 22.817 trillion.

hh. **Asia-Pacific Maritime Disputes and the Enforcement of UNCLOS for International Waters.** US supports, "the Principles of UNCLOS in wake of South / East China Sea disputes", however, it announces its impartiality to inspire the claims of the disputed states in

Asia-Pacific. In addition, all the US Allies carry out aggressive manoeuvres with the consent of US forces, which are provocative acts to China for counterweighing. On the other hand, US maintains to have the rights of accessing to international waters like “Freedom of Navigation and Rights of over Flights” therefore on the basis of these factors, US contemplates to be party to the disputes. In addition, US upholds that UNCLOS to be adopted for having the rights of free navigation and over flights in the Chinese EEZ under UNCLOS article 58. However, the Chinese objection seems to be lawful for passages of US vessels reconnoitring close to the Chinese territories under UNCLOS Articles 38, 39 and 40. Although US propagates peaceful settlements of all pending disputes in line with the charter of International Law but contrary to this, ratification of UNCLOS (1982) is still pending with US administration. Thus, the US govt is not justified in its demand when it calls to resolve the disputes under International Law.

ii. **Chinese Stance on Disputants Claims and its Present Status in South China Sea.** China negates all the claims of the Disputants in the region, however it stands firm on its own claims that its claimed areas have to be regained on the basis of their historical linkages. They believe that the entire disputed areas belong to them which were stolen by the neighbouring states. Therefore, Chinese are determined that they will

regain the lost territories. In addition, China does not agree to refer the cases to any international body for mediation etc therefore settlement if any is not in sight in the near future. In 1990, the quest for territories remained active and regional states have claimed the following islands and other features in South China Sea:-

- (1) Pratas Islands - They are under control of Taiwan, but China claims it's as disputed islands.
- (2) Paracel Islands - They are under control of Chinese authorities, but it is claimed as disputed Islands by Vietnamese authorities.
- (3) The Scarborough Shoal - This is a disputed area among Chinese, Taiwanese, and the Philippines authorities.
- (4) The Macclesfield Bank - This is a disputed area among Chinese, Taiwanese, and the Philippines authorities.
- (5) Spratly Islands - It is a disputed area among Chinese, Vietnamese, Taiwanese, the Philippines, Malaysians and Brunei administrations.
- (6) There are a total of **30,000** features and approximately **50** are considered as isles. Presently status of occupation of regional states is listed below:
 - (a) Chinese govt occupies **six**.
 - (b) Vietnamese govt occupies **twenty nine**.

- (c) Malaysian govt occupies **five**.
- (d) Philippine govt occupies **nine**.
- (e) Taiwanese govt occupies **one**.
- (f) Brunei govt has no claim, but it holds a dispute on EEZ.

jj. **China's Cultural Strength.** To shed away apprehensions about China's future course of actions, Chinese administrations consider a need to revamp its culture and to gain its due strength from its rich culture on domestic and international fronts. While addressing the congregation of 18th Communist party ex President Hu Jintao highlighted that state gains its economic strength and revival from the strength of its culture and competitiveness and desired to uplift China's cultural heritage. Thus, in order to establish itself as a great power, this prospect is vital for China to project its culture globally.

kk. **The TPP and RCEP Initiatives.** Financial relationship is not a panacea, yet it has clash hosing profits. It would be prudent to empower China's contribution in more military-to-military dialogues and security ties. All the more for the most part, it will be fitting to empower China's reconciliation into territorial and worldwide foundations. US' pioneers might need to develop approaches to show Chinese pioneers the huge expenses to be borne in the events of using coercive abilities in their

nationalistic ways. In addition, during 19th conference of ASEAN, the idea of RCEP was floated and concluded by 2015 FTA among ASEAN members, Australia, India, China, South Korea, Japan and New Zealand. RCEP has also been well received by Japan, Taiwan and South Korea due to its greater potentials than TPP. Moreover, high standards set by TPP are difficult to be met by the regional states and the disparities in their economies also pose US with a challenge to comprehensively engage all states across the board. The outcome of TPP on its fate will be inferred when its actual initiator withdrew from the initiative.

ll. **Chinese Hedging Strategy.** Russia plays two important parts in this China's hedging strategy. Firstly, it has matchless supply of military equipments to Chinese armed forces hence playing a vital role in modernization of China's armed forces. Secondly, Russia shares China's distress over unipolar international hegemony of US and its existence in the region. Regardless of sharing the common views about US none of China or Russia can afford to confront US directly because their goals of being great powers are deeply linked to maintain good relations with US. However, both the countries jointly cooperate with aims of creating further options on bilateral cooperation with US. China has assured its security and territorial integrity through maintaining large military in the world. After US and Russia, China is the third country who had sent

astronauts in space and in terms of hard power, China is developing fighter jets and small arms. Initially, China was depending on home-made technology but in post Gulf war to strengthening strategic alliance with Russia, China purchased sophisticated weapons from Russia.

mm. **US and Chinese Soft Power Diplomacy.** Chinese influence has been accredited through promotion of soft power diplomacy, economic reforms, cultural drive and other non-coercive measures. On the other hand, US retains the status of pre-eminent force globally in many fields including soft power. At the moment, US is much ahead of China in GDP, trade and FDIs. Further, US demonstrates successfully its dominance in global politics especially in the Middle East and Latin America's politics. Towards the soft power, the Confucius teachings have been promoted through the development of Confucius Institutes in the world especially Europe, Africa, Asia and North America.

nn. **Role of ASEAN as Balancer.** ASEAN doesn't possess an effective role specified for a balancer to prevail upon the regional powers, however, it pursues to assist in balancing external influences. Rise of China cannot be seen as an occurrence alone because in diversified environment, Beijing is a dominant regional player in the Southeast Asia. Why should China be taking much of the interests in Southeast Asia, is basically guided through the lens of other major powers interests including Japan

and India. For being an emerging major power, China perceives that Southeast Asia is very much suiting for revolutionizing the security, political and economic environments. The cordiality in relations between China and ASEAN states has never been the consequence of historical leaning or geographical contiguity but it is because of perspicacity of common goals. There is an unambiguous acknowledgement on the rising status of China; however the intensity to which each state to react, would fluctuate keeping in view their political, economic and security composure. South / East China Sea islets disputes among the member countries of ASEAN are the test cases for resolution as well as management of regional states relationship. Moreover regional states economic interactions with China is vital in understanding that no regional state can afford to displease China due regional interdependence phenomena. However, it is a fact that ASEAN as a forum lacks unity and cohesion on much of the issues related to China.

oo. **American Policy towards China in International Politics.**

The American policy towards China, the trends defining and shaping future policy and the challenges posed by China's rise dictate three key reasons why China signifies for the US, particularly from the 1980s onwards; (i) China's geostrategic interests in a region are crucial to US security interests; (ii) China's growing economic and technological value

and eminence; (iii) China's authoritarian political structure that runs counter to core Western political values. Basing on these three postulates, America has been planning and working their policy parameters in Asia-Pacific.

pp. **Power Transition, Balance of Power and Counterbalancing**

in Asia-Pacific. Balance of power provokes counterbalance when a state occupies the territory of other. In addition, it envisions changes in status and power, therefore balance of power process assists to cultivate stability between states. States are inherently competing and interstate competition is heightened in an anarchical international system. It is unlikely that dominant power and a satisfied great power will go to war if both enjoy parity. During the transition of power, a satisfied challenger outweighs and supersedes dominant power, hence will uphold status quo with little modifications here and there. In this case the departed dominant power will have nothing to confront a new leader that has patronized a status quo to its velleity. In the existing international system US' Western and Asia-Pacific allies with similar institutions and views are satisfied with the status quo power. However, in case of dissatisfied rising power, the situation will be uncertain and dangerous because the rising power will keep testing the circles of existing international order.

qq. **Chinese Regional Geography and Neighbouring Security**

Perceptions. China is bordered by fourteen states in its west, north and south. These states require assurances from China for no infringement to their sovereign statuses. They feel insecure and are in fear that China would prevail to limit their prosperity. Moreover, China is facing various issues with its neighbours; disputes on border with India, contentious situation on Taiwan between US and China, issues of EEZ in South China Sea, Chinese strategizing of North Korea to act as buffer zone for providing strategic space between China and its neighbours like Japan, South Korea and US (US is maintaining naval bases).

rr. **US Approaches for Dealing with China in Asia-Pacific.** US policies comprise of four main conjectures. **Firstly**, US thinkers understand that sustainability and existence of international economy, security statute, customs and organizations emerged from post cold war are of vital importance to the present day China. These factors will continue to assist China's local economy, domestic development and the political constancy which will ultimately help Chinese growth as national power and putting it on the road to emerge as a great power. **Second**, given that China is unhappy with arrangements of international system, which include Taiwan's vague status and US standing on unipolar sphere of influence in international arena, but many Chinese consider US foreign policy as subjective, unrepressed and aggressive. Chinese policy makers

are aware that US policy tools can be a challenge to the maintenance of balance and regional strength. The **third** important assumption is that due to the variety of US interests in Asia, the most favourable policy for her is security hedging. Containing China through confrontational approach is not in favour of US in number of ways specifically economic cost will be too much because it will affect US bilateral trade with China. Moreover, US allies in Asia-Pacific are not in favour of said approach that will undermine US interests in the region. **Fourth**, by tackling China openly and out-front US will create a big enemy which is not a viable option anyway.

ss. **Security Structure and Status of Temporary and Permanent Institutions.** A few assumptions clarified to comprehend the security structure of a region. **First**, security structure of a region cannot be defined by a single institution. A region can be correlated with Europe that lingers on an outlet while comparing as each region has its mutual trade level, norms, culture, history and geography. **Secondly**, in comparison with permanent institutions, *temporary* institutions work better in the region. In such cases permanent institutions had failed during cold war like Pacific Ocean Pact (POP) and Southeast Asian Treaty Organization (SEATO). In addition, in the Post Cold War Era, EAS and ASEAN Regional Forum (ARF) could not perform well because

differences on minor issues erupted among the members. Contrary to the permanent institutions, temporary institutions like Tsunami Core Group (TCG) acted very well. Groups, which were founded for some particular purpose verified to be mutually profitable, were closed after the conclusion of main purpose.

9.3 Key Recommendations:

- a. **Efforts of Academicians, Think Tanks and Retired Policy Makers to Create Better Mutual Understanding.** The image of China in the international community has been evolved greatly over time but still there is a long way to go to get its desired status. Many states continue to see China through the same prism of suspicion of intent and mistrust of motives with regards to its foreign policy. It is critical that China get across its own narrative to the world, as opposed to the Western dominated version which continues to reinforce the same ideas, concepts and preconceived notions. Presenting the Chinese point of view will have far reaching effects in terms of developing a more nuanced understanding and consequently shifting the tide to objective and better informed opinions. Same is equally applicable to the US policies and other important facets to be projected accordingly. Therefore, both China and US should invest in encouraging their respective scholars and

academicians, in addition to serving or retired policy makers to engage with each others on structured forums where candid exchange of viewpoints can take place. This sort of activities already exist at a certain level, however it needs to be made an active part of govt policies of the two sides so that its effects are not only magnified but also sustained.

b. **Constituting Multilateral Scientific and Public Policy Advisory Body alongside with Diplomatic Efforts for Peace and Stability.** Diplomatic efforts remain the prime determinant of regional stability because Asian countries have made progress in exploring maritime law and regional mechanisms for conflict resolution and cooperation in resource management. However, there are calls for multilateral scientific and public policy advisory bodies. Asian Peace Research Institute (APRI) modelled on Sweden's SIPRI. Such an advisory body would work alongside a wide range of stakeholders' interests and could provide new perspectives and analysis to inform various Track Diplomacies in this field.

c. **Joint Resource Development Strategies.** The convergent goals for various tracks are to shift the focus of interstate discussions towards a set of "maritime commons", which would include; joint resource development strategies; freedom of navigation that addresses invasive security concerns; collective security provisions in anti-piracy and anti-

terrorism policies, and in measures to prevent the Nuclear Proliferation; and national maritime bureaucratic capacity-building on Search and Rescue (SARs) and other human security issues. This expanded framework and multi-agent process could help to create a unifying agenda for statesmen to adopt when they are ready to cooperate in disputed maritime areas, without prejudice to individual sovereignty or territorial claims. The claimant states can broadly agree while pursuing different venues in maritime law, regional forums, confidence-building mechanisms and cross-regional maritime dialogues that would enable them to compare experiences in solving similar issues.

- d. **Clarifications on Contested Claims by China.** The claims of the neighbouring states should be resolved bilateral through intense and purposeful negotiations. Giving confidence to the neighbouring states that their true concerns will be given top priorities will diminish the negative effects in forging friendly ties. In no way coercive means are the solution of disputes rather will throw the region in front of outside power to be tackling all issues in its own way which may not be in the interest of the region as well as China. Chinese stance should not be ambiguous rather it should be clear for all issues related to bilateralism and multilateralism so that sentiments of neighbouring states are not provoked.

e. **De-militarization Option of South China Sea and Establishment of Hotlines among Regional States.** As a first step towards confidence building measures and resolution of regional disputes, the strength in deployed forces and outposts should be reduced in South China Sea. This action will enhance the military cooperation in the region and will further pave way for settlement of all pending territorial disputes. Main threat exists due to misjudging opposing sides and wrongly appreciating armed forces intentions, a major conflict could be unfolded. In addition, all the regional states defence forces are equipped with state of the art weaponry therefore military developments can endanger regional peace and security. To give a fore warning of all major military manoeuvres and build ups in disputed zones a hot line among all the states party to disputes should be established. Establishment of hot line at highest coordinating levels will remove all misperceptions, miscalculations and help in correct assessment of intentions.

f. **Code of Conduct for the Region.** In view of propagation of nationalism by the disputant countries, all states have linked their disputes with their national prestige. These sentiments are in fact a big hurdle in a course leading towards an amicable solution basing on mutual consent. Moreover, status of Taiwan is a bone of contention in

the dialogue process, thus a clause be included in official correspondence which should be binding on states having interests in the disputed islets to abide by the agreed declaration. Apart from this, a mutual code of conduct agreed upon be drafted, thereafter should serve as binding on all regional states to refrain from seizure of further isles. China and ASEAN need to reach on mutual consensus to concur such like arrangements in the region, which in the long run contribute for regional peace and security.

g. Dialogue with China as a Viable Mechanism for Regional

Disputes. In view of regional states security concerns, China should encourage open debate on the contested claims at all bilateral as well as multilateral forums such as ASEAN. Such initiatives will assist in minimizing regional states apprehensions about tacit moves of Chinese authorities in backdrop of contested claims. All member countries of ASEAN need to carve out an internal mechanism for settlement of disputes and thereafter on agreeing at one point agenda shall conduct dialogue with China over their contested claims. Thus, the complex issue of overlapping claims can only be addressed through such endeavours by all claimant states. Disputes free region can only look after their respective population in an environment where they can excel their potentials for regional development. Notwithstanding,

ASEAN Ministerial Meetings can provide a better option to discuss their regional issues.

h. The Reality of Two Unfolding Events - Rising China and Power Transition. Interdependence and power transition need to bring conceptual clarity to conclude that rising China and power transition are two realities which should be accepted. Moreover, these realities suggest that China should be incorporated in the world structure as soon as possible. Rise and fall of great powers are interesting phenomena in global system. Traditionally, power shift from the dominant power to emerging power was linked with a series of wars in international relations therefore, these realities should be accepted with open heart. The way forward is to create a mutually beneficial environment instead of win-win environment and level of asymmetry in geostrategic and geopolitical engagement.

i. Standing Operating Procedures for Conduct of Military Exercises. To create congenial atmosphere and regional harmony, all the disputants' countries will have to build confidence measures to exercise greater restraints on carry out military manoeuvres in the disputed areas and near the coastal areas of each other because this will help to overcome the trust deficit among the regional states. In addition, US should share the information with Chinese authorities and

taking their consent for carrying out researches of scientific values if any. The initiatives for sharing information about military manoeuvres with or without allies will contribute towards the management of a harmonized and peaceful region.

- j. **Declaring Disputed Islands as Science Parks.** In order to resolve the issue and clarify doubts of all claimant states, China needs to explicitly state on disputed Islands and EEZ basing on Nine Dashed line. Moreover, in line with China's concept of Harmonised World, all the regional states should work to craft a joint mechanism to declare the isles as science and research parks.
- k. **Ratification and Observance of ITLOS/ICJ/UNCLOS.** US and China need to ratify the UNCLOS as a first step towards settlement of the disputes in South and East China Seas. In addition, US should also discourage the efforts for uniting all regional states against contested claims of China. By acceding to UNCLOS, ethically US stance on South China Sea disputes would be globally recognized for propagation and acceptance of International Law.
- l. **Crisis Management by Non Claimant States.** Regional states such as Thailand, Singapore, Laos, Cambodia and Myanmar should come forward to mediate the issues between China and claimant states. Thus, they being non claimant states can render an effective role for

management of the crisis in the region.

- m. **ASEAN Forum and its Effectiveness.** Extensive diplomatic effort is needed on the regional issues to arrive on mutual accepted solution. As result of these diplomatic efforts, all member states of ASEAN should come forward with a joint declaration on the contested claims. Moreover, ASEAN being the nerve centre of the region, can play a major role in bridging the gaps of mistrust between China and US. In broader perspective, the multilateral forum ASEAN suits for presenting the view points of opposing sides on regional issues and the outcome would be beneficial for regional peace and security. The platform can also generate healthy debate among regional states and global powers on regional security concerns in academic spheres.

CONCLUSION

The study has highlighted the dynamics of Asia-Pacific in view of its developments in spheres of economics, politics and security. Keeping in view the enormous potentials of Asia-Pacific region, it is perfectly a global growth engine but due to the territorial disputes among the regional states, the risk of conflicts persists, which is detrimental to regional and global peace. Amidst this development, US-China power transition and engagement in Asia-Pacific have complications for regional states relations with both US and China. Thus, US-China engagement can potentially affect the overall symmetrical structure of global politics. Mr Hu Jintau expressed, *“The US has strengthened its military deployments in Asia-Pacific region, They have extended outposts and placed pressure points on us from the East, South and West. This makes a great change in our geopolitical environment.”*

Southeast Asia was an area of China's influence before 2010-2011, because US entangled in Afghanistan and Iraq campaigns. US declared its strategic shift in the region despite its declining economic might. Keeping in view the power transition, the difference in the Sino-US power potentials shall persist for coming 30 years but it will be reduced to some extent. However, conflict situation cannot be completely ruled out when China attains power parity with the US. Nonetheless, both American and Chinese leaderships must be very rationale in their approaches to manage the future power transition.

US holds that its strategic reorientation in Asia-Pacific is not directed towards the containment of China but various US strategic initiatives in region indicate that all these have been aimed at balancing of growing China's regional influence. Nevertheless, the US strategic shift in Asia-Pacific highlights the US intentions for comprehensive long term engagement in the region and regional states are wary in their response to the strategy in view of changing global and regional dynamics. It is pertinent to highlight that Pentagon put across the notion of US Rebalancing in Asia-Pacific/ Pivot to Asia-Pacific (initially named) with entire focus on military element. In fact political thought was made subservient to military thought which was highly illogical and should have been vice versa.

The essence of military thought process is to recognize the enemy and political thought is to avoid the enemy. Thus with military thought in leading role, more enemies will be created which would be detrimental to regional order. On the other hand, US strategy to confront a few and engage others is likely to create imbalances in regional politics. In the context of US policy parameters on emerging powers in the region, India is being viewed as friend and at the same time, China is recognized as the enemy. Thus, while considering the future fighting potentials, it is difficult to predict that who would be a reasonable friend and dreadful enemy. To promote peaceful environment in the region, US needs to revisit rebalancing policy while realising the regional dynamics.

Although the regional states welcomes US Strategic shift but at the same time they don't want to close eyes over the established fact that China is and will be the

driving force behind Asia-Pacific booming economy. This is also very much evident from Regional Comprehensive Economic Partnership (RCEP) forum led by China. It is a significant development where China does not intend to lose the driving seat in forging regional economic forums especially in backdrop of US efforts and the regional states also don't want to antagonize the China. Regional states desires to maintain economic interaction with China despite of being apprehensive of its growing influence in the region. Moreover, the US needs to rebalance its economic, political and geo political parameters in the region while contributing towards global peace and development instead of dividing the world and creating foes.

With the help of the nature and practice of international hierarchy the patterns of the international order and the transition after the Cold War can be easily evaluated. Moreover, under the same environment of hierarchy in the international politics the role of China's rise is understood. Generally, a stable political order has been demonstrated in Asia-Pacific region however, yet some activities in the region may lead to suspicions of armed conflict, like terrorist attacks in the Middle East, the nuclear issue of North Korean, Kashmir issue between nuclear Pakistan and India, the Taiwan issue, and Skirmishes in Central Asia etc. Rising China will predictably have an impact on US' hegemony in Asia-Pacific. Notwithstanding, US and China can put up to fabricate an effectual machine for addressing the remonstrations starting from security concerns to build a long lasting stability of Asia-Pacific and consequently to power transition.

Power Transition has been presenting a security dilemma for US being a hegemon and China being the emerging power. Subsequently both these powers have involved in disagreement on all major and minor issues including an environment of confrontation leading power rivalry, power structure and dangerous environment. The study deduced that power transition will lead to three outcomes; first, China will effectively defy the US being a hegemon and a power transition will take place in favour of China in the region. Secondly, failure in power transition will usher to conflict and mess in such situation US will have to further reinforce its hegemonic position and China will be unable to find its standing. Thirdly, a new bipolarity in balance of power will be established in that US and China venture out containment, separate mutual deterrence and spheres of influence will exercise in searching of hegemony.

US being a dominant power and hegemon of Asia-Pacific remained committed in Afghanistan and Iraq. Taking advantage of the situation, China was stabilizing itself in all spheres as regional power in the region. To counter the move, US adopted rebalancing strategy in three areas including security, economics and diplomacy. The military parameters of US strategic shift to Asia-Pacific receive the complete focus of entire engagement in the region which was the most pronounced but indeed with controversial features. This component took a prominent deflection because US overstretched its forces both in Afghanistan and Iraq and unless military could have not been given the weightages, the world focus could have not been received. On the other hand, worldwide, economic links of the region could not be really evaluated in the

military factor in the regional politics. At this end, Obama's administration, after sensing the importance of region with its immense economic growth and multilateral groupings re-oriented the rebalancing policy.

The historical linkages and intricacies behind the present tensed situation in Asia-Pacific are disproved by one-dimensional recounts established through shallow xenophobia. China's interpretation is to thwart the Western Media as a regional "bully" in opposing to its sufferers who transverse Southeast Asia to be separating the public into two planes of a humdrum queue. One group of the line is the states who greet the rising China to be a counterweight to the long-lasting Western domination in Asia-Pacific, whereas the second group are the states who scare that China would mean a replacing "benevolent" of Western domination with their own way of domination. The Pacific region specifically Southeast Asia and China was under the command of the majesty of European powers like Britain, running the affairs of parts of China, Myanmar, Malaysia, and France, running the affairs of Laos, Cambodia and Vietnam. (Stronski & Nicoli, 2018, pp. 5-13)

During the British "gunboat diplomacy," the kingdom grappled allowances similar to the one in today environment of overtaking of an extremely ostracized "free trade agreement" from China and Thailand, as well as the convulsion of Hong Kong. A Street is still there in Hong Kong with the name of "Possession Street" smudging the location which British govt at first examined when captured. It is to mention that during the Opium Wars, Hong Kong was captured. With all the pros and cons, the two world

wars witnessed a considerable decline in Western power and authority throughout the Asia-Pacific. Japan and the Philippines being the close allies of US would give leverage to accept the US' hegemony but other states had record to eject the colonial powers from the state surfaces and then after the independent states were established. (Horwitz, 2017, p. 12)

The US has been maintaining the “Japan-Korea front against China”, because US forces are deployed there. US did its effort overtly and covertly to bind the threads for supraliminal alliances created by the favoured establishments. The practicality of the efforts could be pre-eminently observed with US' supporting during widespread set-ups of “Nongovernmental organizations (NGOs) of Aung San Suu Kyi in Myanmar, Anwar Ibrahim in Malaysia, and the Shinawatra dynasty in Thailand”. (Kennedy & Paul, 2017, pp. 45-56) Similarly, Philippines have stayed on obedient to the self-control of US for over a century, whereas gradual increase of US-backed undermining could be easily witnessed in Vietnam. On the other hand, political insurrection and armed hostility have been conducted in planned localities to dislocate the Chinese financing in Pakistan. (Baviera, 2017, pp. 31-56)

The employing of political insurrection is not limiting to Southeast Asia but even in China itself, the US has been conducting them in Hong Kong and Tibet duly supporting terror campaigns and specifically to self-rule in Xinjiang region of China. It is unfortunate to claim the legitimacy of activities and important for the maintenance of peace and stability through US' different strategic moves like rebalancing of Asia-

Pacific. These acts of exceptionalism of US can never be legitimated while carrying out miles away from its own borders. Therefore, it is obvious that the disorders recounted in the region are the acts of supranational. It is prudent to recognize that “windshield repair shop breaks the car windows at night, and then make a fortune fixing them by day.” On the other hand, Chinese drives to become regional or international power entrepreneurship is totally different than of Anglo-Americans.

China has never been involved in invading the neighbouring states nor positioned huge, but wide ranged activities of resurrection in shape of NGOs to overthrow de-jure govts on the pretext of “popular revolutions.” Rather China expanded its power and strengthened its influence throughout the globe through its economic activities. China deals and conducts trading activities all over the world and does involve in building the road networks of other states. Similarly, China has been edifying its capacity and capability to ultimately expel the West as whole from the region. China’s economic progression, its building up and expanding activities in its oceanic frontage especially in South China Sea are practically maltreated. Certainty, defensive capabilities of China will turn the Western armada unresolved and will leave the region one day or the other.

For an engagement, US ships cannot sink or interdict an island after having been constructed, manned, and operational. As result of these arrangements, it becomes an undeviating premeditated fixture for all purposes hence unassailable for an invasion when it is attacked. Similarly, the nearby bases in South China Sea provide immediate supply to Chinese vessels which is an absolute edge over US’ Ships for the maritime operational

and logistic supplies. US' Ships will be displaced both strategically, operationally and diplomatically provided China acts as per the timings of game. China should manoeuvre away from endeavour to trap in a regional confrontation. While using its new capabilities of China to uphold the security, harmony, and steadiness in its correct prospective because US retain the rationale of Western interference in Asia-Pacific hence all the moves will be diluted and ultimately crumpled.

A proportionate role could be deputed to the West corresponding to its immediacy because rising China will never be a benign power. It should be realized that power has always been the budding of abuse therefore balancing of all states is must both economically and militarily. The hard work in the face of Southeast Asia is to how balance should be struck without compromising its sovereignty. For this purpose, Southeast Asia should never be dependent on any one state for exports and imports linkages but these states should have their own strategies as to how to defend their own specific regional and national interests. In addition, none of the major powers should be allowed to abuse or use them for their vested interests. Similarly, the nations of the Southeast Asia should not be embroiled in gravitating to the EU style of system which is in the process of massive breakdown. (Miller, 2017, pp. 54-65)

On the other hand, China should be recognizing the factual position of ground so that the situation could be defused either through the compromises on territorial disputes with neighbouring countries or through systematic dislodgment of US from the regional politics. At the same time there is a good lesson for those who desire to have US

effective role in the region to have a check on China, will plunge the region in deeper despondency and dismay. Therefore the region cannot be left for transformation into de-facto buffer state situation either through supraliminal bloc or some other perceived system. Andrew Higgins (2018) argues, “Despite the rhetoric underpinning America’s pivot toward Asia, only through a multipolar world where nations pursue their own national sovereignty and respect in maintaining through military and socioeconomic balance can truly maintain peace and stability.”

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APPENDIX 1
TREATY OF PEACE BETWEEN
THE REPUBLIC OF CHINA AND JAPAN, SIGNED
AT TAIPEI, 28 APRIL 1952.¹

Article 2.

It is recognized that under Article 2 of the Treaty of Peace which Japan signed at the city of San Francisco on 8 September 1951 (hereinafter referred to as the San Francisco Treaty), Japan has renounced all right, title, and claim to Taiwan (Formosa) and Penghu (the Pescadores) as well as the Spratly Islands and the Paracel Islands.

ENDNOTE - APPENDIX 1

1. United Nations Treaty Series 1952 (reg. no. 1858), Vol. 138, pp. 38-44.

APPENDIX 2

JAPAN-U.S. SECURITY TREATY

TREATY OF MUTUAL COOPERATION AND SECURITY BETWEEN JAPAN AND THE UNITED STATES OF AMERICA

Japan and the United States of America,

Desiring to strengthen the bonds of peace and friendship traditionally existing between them, and to uphold the principles of democracy, individual liberty, and the rule of law,

Desiring further to encourage closer economic cooperation between them and to promote conditions of economic stability and well-being in their countries, Reaffirming their faith in the purposes and principles of the Charter of the United Nations, and their desire to live in peace with all peoples and all governments,

Recognizing that they have the inherent right of individual or collective self-defense as affirmed in the Charter of the United Nations,

Considering that they have a common concern in the maintenance of international peace and security in the Far East,

Having resolved to conclude a treaty of mutual cooperation and security,

Therefore agree as follows:

ARTICLE I

The Parties undertake, as set forth in the Charter of the United Nations, to settle any international disputes in which they may be involved by peaceful means in such a manner

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that international peace and security and justice are not endangered and to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the purposes of the United Nations. The Parties will endeavor in concert with other peace-loving countries to strengthen the United Nations so that its mission of maintaining international peace and security may be discharged more effectively.

ARTICLE II

The Parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between them.

ARTICLE III

The Parties, individually and in cooperation with each other, by means of continuous and effective self-help and mutual aid will maintain and develop, subject to their constitutional provisions, their capacities to resist armed attack.

ARTICLE IV

The Parties will consult together from time to time regarding the implementation of this Treaty, and, at the request of either Party, whenever the security of Japan or international peace and security in the Far East is threatened.

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ARTICLE V

Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional provisions and processes. Any such armed attack and all measures taken as a result thereof shall be immediately reported to the Security Council of the United Nations in accordance with the provisions of Article 51 of the Charter. Such measures shall be terminated when the Security Council has taken the measures necessary to restore and maintain international peace and security.

ARTICLE VI

For the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East, the United States of America is granted the use by its land, air and naval forces of facilities and areas in Japan. The use of these facilities and areas as well as the status of United States armed forces in Japan shall be governed by a separate agreement, replacing the Administrative Agreement under Article III of the Security Treaty between Japan and the United States of America, signed at Tokyo on February 28, 1952, as amended, and by such other arrangements as may be agreed upon.

ARTICLE VII

This Treaty does not affect and shall not be interpreted as affecting in any way the rights and obligations of the Parties under the Charter of the United Nations or the responsibility of the United Nations for the maintenance of international peace and security.

ARTICLE VIII

This Treaty shall be ratified by Japan and the United States of America in accordance with their respective constitutional processes and will enter into force on the date on which the instruments of ratification thereof have been exchanged by them in Tokyo.

ARTICLE IX

The Security Treaty between Japan and the United States of America signed at the city of San Francisco on September 8, 1951 shall expire upon the entering into force of this Treaty.

ARTICLE X

This Treaty shall remain in force until in the opinion of the Governments of Japan and the United States of America there shall have come into force such United Nations arrangements as will satisfactorily provide for the maintenance of international peace and security in the Japan area. However, after the Treaty has been in force for ten years, either Party may give notice to the other Party of its intention to terminate the Treaty, in which case the Treaty shall terminate one year after such notice has been given.

IN WITNESS WHEREOF the undersigned Plenipotentiaries have signed this Treaty.

DONE in duplicate at Washington in the Japanese and English languages, both equally authentic, this 19th day of January, 1960.

FOR JAPAN:

Nobusuke Kishi

Aiichiro Fujiyama

Mitsuiro Ishii

Tadashi Adachi

Koichiro Asakai

FOR THE UNITED STATES OF AMERICA:

Christian A. Herter

Douglas MacArthur 2nd

J. Graham Parsons

APPENDIX 3

TREATY OF PEACE WITH JAPAN¹

CHAPTER II, TERRITORY

Article 2:

- Japan, recognizing the independence of Korea, renounces all right, title and claim to Korea, including the islands of Quelpart, Port Hamilton, and Dagelet.
- Japan renounces all right, title and claim to Formosa and the Pescadores.
- Japan renounces all right, title and claim to the Kurile Islands, and to that portion of Sakhalin and the islands adjacent to it over which Japan acquired sovereignty as a consequence of the Treaty of Portsmouth of September 5, 1905.
- Japan renounces all right, title and claim in connection with the League of Nations Mandate System, and accepts the action of the United Nations Security Council of 2 April 1947, extending the trusteeship system to the Pacific Islands formerly under mandate to Japan.
- Japan renounces all claims to any right or title to or interest in connection with any part of the Antarctic area, whether deriving from the activities of Japanese national or otherwise.
- Japan renounces all right, title and claim to the Spratly Islands and to the Paracel Islands.

Article 3:

Japan will concur in any proposal of the United States to the United Nations to place under its trusteeship system, with the United States as the sole administering authority, Nansei Shoto south of 29 deg. North latitude (including the Ryukyu Islands and the Daito Islands), Nanpo Shoto south of Sofu Gan (including the Bonin Islands, Rosario Island

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and the Volcano Islands) and Parece Vela and Marcus Island. Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation and jurisdiction over the territory and inhabitants of these islands, including their territorial waters.

ENDNOTE - APPENDIX 3

1. Neither the Republic of China in Taiwan nor the People's Republic of China in mainland China were invited because of the Chinese Civil War and the controversy over which government was the legitimate representative of China. Fifty-one nations attended the conference, but 48 nations signed the treaty at San Francisco on September 8, 1951, the Soviet Union, Czechoslovakia, and Poland refused to do so. Source: United Nations Treaty Series 1952 (reg. no. 1832), Vol. 136, pp. 45-164.

APPENDIX 4**CAIRO DECLARATION¹**

Conference of President Roosevelt, Generalissimo Chiang Kai-shek, and Prime Minister Churchill in North Africa. President Roosevelt, Generalissimo Chiang Kai-shek and Prime Minister Churchill, together with their respective military and diplomatic advisers, have completed a conference in North Africa.

The following general statement was issued:

The several military missions have agreed upon future military operations against Japan. The Three Great Allies expressed their resolve to bring unrelenting pressure against their brutal enemies by sea, land, and air. This pressure is already rising.

The Three Great Allies are fighting this war to restrain and punish the aggression of Japan. They covet no gain for themselves and have no thought of territorial expansion. It is their purpose that Japan shall be stripped of all the islands in the Pacific which she has seized or occupied since the beginning of the First World War in 1914, and that all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China. Japan will also be expelled from all other territories which she has taken by violence and greed. The aforesaid three great powers, mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent.

With these objects in view that three Allies, in harmony with those of the United Nations at war with Japan, will continue to persevere in the serious and prolonged operations necessary to procure the unconditional surrender of Japan.

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ENDNOTE - APPENDIX 4

1. Released to the press by the White House on December 1, 1943. Source: The Department of State Bulletin, Vol. IX, No. 232, Washington DC, December 4, 1943.

APPENDIX 5

POTSDAM PROCLAMATION¹

Defining Terms for Japanese Surrender

We - the President of the United States, the President of the National Government of the Republic of China, and the Prime Minister of Great Britain, representing the hundreds of millions of our countrymen, have conferred and agree that Japan shall be given an opportunity to end this war.

The prodigious land, sea, and air forces of the United States, the British Empire and of China, many times reinforced by their armies and air fleets from the west, are poised to strike the final blows upon Japan. This military power is sustained and inspired by the determination of all the Allied Nations to prosecute the war against Japan until she ceases to resist.

The result of the futile and senseless German resistance to the might of the aroused free peoples of the world stands forth in awful clarity as an example to the people of Japan. The might that now converges on Japan is immeasurably greater than that which, when applied to the resisting Nazis, necessarily laid waste to the lands, the industry and the method of life of the whole German people. The full application of our military power, backed by our resolve, will mean the inevitable and complete destruction of the Japanese armed forces and just as inevitably the utter devastation of the Japanese homeland.

The time has come for Japan to decide whether she will continue to be controlled by those self-willed militaristic advisers whose unintelligent calculations have brought the Empire of Japan to the threshold of annihilation, or whether she will follow the path of reason.

Following are our terms. We will not deviate from them. There are no alternatives. We shall brook no delay.

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There must be eliminated for all time the authority and influence of those who have deceived and misled the people of Japan into embarking on world conquest, for we insist that a new order of peace, security and justice will be impossible until irresponsible militarism is driven from the world.

Until such a new order is established and until there is convincing proof that Japan's war-making power is destroyed, points in Japanese territory to be designated by the Allies shall be occupied to secure the achievement of the basic objectives we are here setting forth.

The terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.

The Japanese military forces, after being completely disarmed, shall be permitted to return to their homes with the opportunity to lead peaceful and productive lives.

We do not intend that the Japanese shall be enslaved as a race or destroyed as a nation, but stern justice shall be meted out to all war criminals, including those who have visited cruelties upon our prisoners. The Japanese Government shall remove all obstacles to the revival and strengthening of democratic tendencies among the Japanese people. Freedom of speech, of religion, and of thought, as well as respect for the fundamental human rights shall be established.

Japan shall be permitted to maintain such industries as will sustain her economy and permit the exaction of just reparations in kind, but not those which would enable her to re-arm for war. To this end, access to, as distinguished from control of, raw materials shall be permitted. Eventual Japanese participation in world trade relations shall be permitted.

The occupying forces of the Allies shall be withdrawn from Japan as soon as these objectives have been accomplished and these have been established in accordance with the

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freely expressed will of the Japanese people a peacefully inclined and responsible government.

We call upon the government of Japan to proclaim now the unconditional surrender of all Japanese armed forces, and to provide proper an adequate assurance of their good faith in such action. The alternative for Japan is prompt and utter destruction.

ENDNOTE – APPENDIX 5

1. This proclamation, issued on July 26, 1945, by the heads of the governments of the United States, the United Kingdom, and China, was signed by the President of the United States and the Prime Minister of the United Kingdom at Potsdam and concurred with by the President of the National Government of China, who communicated with President Truman by dispatch. Source: The Department of State Bulletin, Vol. XIII, No. 318, Washington DC, July 29, 1945.

APPENDIX 6

SELECTED ARTICLES FROM THE UNITED NATIONS (UN) CONVENTION ON THE LAW OF THE SEA (UNCLOS) SIGNED IN 1982, CAME INTO EFFECT IN 1994

Article 19: Meaning of Innocent Passage.

Passage is innocent so long as it is not prejudicial to the peace, good order or security of the coastal State. Such passage shall take place in conformity with this Convention and with other rules of international law. Passage of a foreign ship shall be considered to be prejudicial to the peace, good order or security of the coastal State if in the territorial sea (underline added) it engages in any of the following activities:

- any threat or use of force against the sovereignty, territorial integrity or political independence of the coastal State, or in any other manner in violation of the principles of international law embodied in the Charter of the United Nations;
- any exercise or practice with weapons of any kind;
- any act aimed at collecting information to the prejudice of the defence or security of the coastal State;
- any act of propaganda aimed at affecting the defence or security of the coastal State;
- the launching, landing, or taking on board of any aircraft;
- the launching, landing, or taking on board of any military device;
- the loading or unloading of any commodity, currency, or person contrary to the customs, fiscal, immigration or sanitary laws and regulations of the coastal State;

- any act of willful and serious pollution contrary to this Convention;
- any fishing activities;
- the carrying out of research or survey activities;
- any act aimed at interfering with any systems of communication or any other facilities or installations of the coastal State;
- any other activity not having a direct bearing on passage.

PART V: EXCLUSIVE ECONOMIC ZONE

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:

- 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;
- jurisdiction as provided for in the relevant provisions of this Convention with regard to:
 - ✓ the establishment and use of artificial islands, installations and structure;
 - ✓ marine scientific research;
 - ✓ the protection and preservation of the marine environment;

- ✓ 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, 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.

Article 57: Breadth of the Exclusive Economic Zone.

The exclusive economic zone shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

Article 58: Rights and Duties of Other States in the Exclusive Economic Zone.

In the exclusive economic zone, all States, whether coastal or land-locked, enjoy, subject to the relevant provisions of this Convention, the freedoms referred to in article 87 of navigation and over flight and of the laying of submarine cables and pipelines, and other internationally lawful uses of the sea related to these freedoms, such as those associated with the operation of ships, aircraft and submarine cables and pipelines, and compatible with the other provisions of this Convention. Articles 88 to 115 and other pertinent rules of international law apply to the exclusive economic zone in so far as they are not incompatible with this Part. In exercising their rights and performing their duties under this Convention in the exclusive economic zone, States shall have due regard to the rights and duties of the coastal State and shall comply with the laws and regulations adopted by the coastal State in accordance with the provisions of this Convention and other rules of international law in so far as they are not incompatible with this Part.

PART VI: CONTINENTAL SHELF**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. The continental shelf of a coastal State shall not extend beyond the limits provided for in paragraphs 4 to 6.

The continental margin comprises the submerged prolongation of the land mass of the coastal State, and consists of the seabed and subsoil of the shelf, the slope and the rise. It does not include the deep ocean floor with its oceanic ridges or the subsoil thereof.

- (a) For the purposes of this Convention, the coastal State shall establish the outer edge of the continental margin wherever the margin extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by either:
 - ✓ a line delineated in accordance with paragraph 7 by reference to the outermost fixed points at each of which the thickness of sedimentary rocks is at least 1 per cent of the shortest distance from such point to the foot of the continental slope; or
 - ✓ a line delineated in accordance with paragraph 7 by reference to fixed points not more than 60 nautical miles from the foot of the continental slope.
- (b) In the absence of evidence to the contrary, the foot of the continental slope shall be determined as the point of maximum change in the gradient at its base.

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The fixed points comprising the line of the outer limits of the continental shelf on the seabed, drawn in accordance with paragraph 4 (a)(i) and (ii), either shall not exceed 350 nautical miles from the baselines from which the breadth of the territorial sea is measured or shall not exceed 100 nautical miles from the 2,500 meter isobath, which is a line connecting the depth of 2,500 meters.

Notwithstanding the provisions of paragraph 5, on submarine ridges, the outer limit of the continental shelf shall not exceed 350 nautical miles from the baselines from which the breadth of the territorial sea is measured. This paragraph does not apply to submarine elevations that are natural components of the continental margin, such as its plateaux, rises, caps, banks, and spurs.

The coastal State shall delineate the outer limits of its continental shelf, where that shelf extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by straight lines not exceeding 60 nautical miles in length, connecting fixed points, defined by coordinates of latitude and longitude.

Information on the limits of the continental shelf beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured shall be submitted by the coastal State to the Commission on the Limits of the Continental Shelf set up under Annex II on the basis of equitable geographical representation. The Commission shall make recommendations to coastal States on matters related to the establishment of the outer limits of their continental shelf. The limits of the shelf established by a coastal State on the basis of these recommendations shall be final and binding.

The coastal State shall deposit with the Secretary General of the United Nations charts and relevant information, including geodetic data, permanently describing the outer limits of its continental shelf. The Secretary-General shall give due publicity thereto.

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The provisions of this article are without prejudice to the question of delimitation of the continental shelf between States with opposite or adjacent coasts.

Article 77: Rights of the Coastal State over the Continental Shelf.

The coastal State exercises over the continental shelf sovereign rights for the purpose of exploring it and exploiting its natural resources.

The rights referred to in paragraph 1 are exclusive in the sense that if the coastal State does not explore the continental shelf or exploit its natural resources, no one may undertake these activities without the express consent of the coastal State.

The rights of the coastal State over the continental shelf do not depend on occupation, effective or notional, or on any express proclamation.

The natural resources referred to in this Part consist of the mineral and other non-living resources of the seabed and subsoil together with living organisms belonging to sedentary species, that is to say, organisms which, at the harvestable stage, either are immobile on or under the seabed or are unable to move except in constant physical contact with the seabed or the subsoil.

Article 78: Legal Status of the Superjacent Waters and Air Space and the Rights and Freedoms of Other States.

The rights of the coastal State over the continental shelf do not affect the legal status of the superjacent waters or of the air space above those waters.

The exercise of the rights of the coastal State over the continental shelf must not infringe or result in any unjustifiable interference with navigation and other rights and freedoms of other States as provided for in this Convention.

Article 79: Submarine Cables and Pipelines on the Continental Shelf.

All States are entitled to lay submarine cables and pipelines on the continental shelf, in accordance with the provisions of this article.

Subject to its right to take reasonable measures for the exploration of the continental shelf, the exploitation of its natural resources and the prevention,

reduction and control of pollution from pipelines, the coastal State may not impede the laying or maintenance of such cables or pipelines.

The delineation of the course for the laying of such pipelines on the continental shelf is subject to the consent of the coastal State.

Nothing in this Part affects the right of the coastal State to establish conditions for cables or pipelines entering its territory or territorial sea, or its jurisdiction over cables and pipelines constructed or used in connection with the exploration of its continental shelf or exploitation of its resources or the operations of artificial islands, installations and structures under its jurisdiction.

When laying submarine cables or pipelines, States shall have due regard to cables or pipelines already in position. In particular, possibilities of repairing existing cables or pipelines shall not be prejudiced.

Article 80: Artificial Islands, Installations and Structures on the Continental Shelf.

Article 60 applies mutatis mutandis to artificial islands, installations, and structures on the continental shelf.

Article 81: Drilling on the Continental Shelf.

The coastal State shall have the exclusive right to authorize and regulate drilling on the continental shelf for all purposes.

Article 82: Payments and Contributions with Respect to the Exploitation of the Continental Shelf Beyond 200 Nautical Miles.

The coastal State shall make payments or contributions in kind in respect of the exploitation of the non-living resources of the continental shelf beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

The payments and contributions shall be made annually with respect to all production at a site after the first five years of production at that site. For the sixth year, the rate of payment or contribution shall be 1 percent of the value or volume

of production at the site. The rate shall increase by 1 per cent for each subsequent year until the twelfth year and shall remain at 7 percent thereafter. Production does not include resources used in connection with exploitation.

A developing State which is a net importer of a mineral resource produced from its continental shelf is exempt from making such payments or contributions in respect of that mineral resource.

The payments or contributions shall be made through the Authority, which shall distribute them to States Parties to this Convention, on the basis of equitable sharing criteria, taking into account the interests and needs of developing States, particularly the least developed and the land-locked among them.

Article 83: Delimitation of the Continental Shelf between States with Opposite or Adjacent Coasts.

The delimitation of the continental shelf between States with opposite or adjacent coasts shall be effected by agreement on the basis of international law, as referred to in Article 38 of the Statute of the International Court of Justice, in order to achieve an equitable solution.

If no agreement can be reached within a reasonable period of time, the States concerned shall resort to the procedures provided for in Part XV.

Pending agreement as provided for in paragraph 1, the States concerned, in a spirit of understanding and cooperation, shall make every effort to enter into provisional arrangements of a practical nature and, during this transitional period, not to jeopardize or hamper the reaching of the final agreement. Such arrangements shall be without prejudice to the final delimitation.

Where there is an agreement in force between the States concerned, questions relating to the delimitation of the continental shelf shall be determined in accordance with the provisions of that agreement.

PART VII: HIGH SEAS

SECTION 1. GENERAL PROVISIONS

Article 86: Application of the Provisions of this Part.

The provisions of this Part apply to all parts of the sea that are not included in the exclusive economic zone, in the territorial sea or in the internal waters of a State, or in the archipelagic waters of an archipelagic State. This article does not entail any abridgement of the freedoms enjoyed by all States in the exclusive economic zone in accordance with article 58.

Article 87: Freedom of the High Seas.

The high seas are open to all States, whether coastal or land-locked. Freedom of the high seas is exercised under the conditions laid down by this Convention and by other rules of international law. It comprises, *inter alia*, both for coastal and land-locked States:

- ✓ freedom of navigation;
- ✓ freedom of over flight;
- ✓ freedom to lay submarine cables and pipelines, subject to Part VI;
- ✓ freedom to construct artificial islands and other installations permitted under international law, subject to Part VI;
- ✓ freedom of fishing, subject to the conditions laid down in section 2;
- ✓ freedom of scientific research, subject to Parts VI and XIII.

These freedoms shall be exercised by all States with due regard for the interests of other States in their exercise of the freedom of the high seas, and also with due regard for the rights under this Convention with respect to activities in the Area.

Article 88: Reservation of the High Seas for Peaceful Purposes.

The high seas shall be reserved for peaceful purposes.

Article 89: Invalidity of Claims of Sovereignty over the High Seas.

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No State may validly purport to subject any part of the high seas to its sovereignty.

Article 90: Right of Navigation.

Every State, whether coastal or land-locked, has the right to sail ships flying its flag on the high seas.

Article 301: Peaceful Uses of the Seas.

In exercising their rights and performing their duties under this Convention, States Parties shall refrain from any threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the principles of international law embodied in the Charter of the United Nations.

ENDNOTE - APPENDIX 6

1. The United Nations, Oceans and Law of the Sea, Division for Ocean Affairs and the Law of the Sea. Available at <http://www.un.org/Depts/los/index.htm>.

APPENDIX 7

ASIA-PACIFIC TRADE AGREEMENT

(Formerly known as the Bangkok Agreement)

Text

Rules of Origin

National lists of tariff concessions

- **Bangladesh**

- o Concessions list

- **China**

- o General concessions

- o Special concessions

- **India**

- o General concessions

- o Special concessions

- **Republic of Korea**

- o General concessions

- o Special concessions

- **Sri Lanka**

- o General concessions

- o Special concessions

Custom Notifications issued by Government of India

- **No. 94/2006-CUSTOMS (N.T.) dt 31st August, 2006- Rules of Determination of Origin of Goods under the Asia-Pacific Trade Agreement (formerly known as the Bangkok Agreement) Rules, 2006.**
- **No. 89/2006-CUSTOMS dt 1st Sept., 2006 notifying the consolidated list of concessions granted by India to APTA (formerly known as the Bangkok Agreement) member countries and LDC members of APTA.**

**ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND
THE PACIFIC**

**Amendment to the First Agreement on Trade Negotiations among Developing
Member Countries of the Economic and Social Commission for Asia and the Pacific
(Bangkok Agreement)**

ASIA-PACIFIC TRADE AGREEMENT

2005

**AMENDMENT TO THE FIRST AGREEMENT ON TRADE
NEGOTIATIONS AMONG DEVELOPING MEMBER
COUNTRIES OF THE ECONOMIC AND SOCIAL
COMMISSION FOR ASIA AND THE PACIFIC (BANGKOK
AGREEMENT)**

ASIA-PACIFIC TRADE AGREEMENT

PREAMBLE

RECOGNIZING the urgent need to take action to implement a trade expansion programme among the developing member countries of the Economic and Social Commission for Asia and the Pacific (ESCAP) pursuant to the decisions contained in the Kabul Declaration of the Council of Ministers on Asian Economic Co-operation and within the framework of the Asian Trade Expansion Programme which was adopted by the Intergovernmental Committee on a Trade Expansion Programme created under the Kabul Declaration;

GUIDED by the principles contained in the New Delhi Declaration adopted at the thirty-first session of the Economic and Social Commission for Asia and the Pacific;

REALIZING that the expansion of trade could act as a powerful stimulus to the development of their national economies, by expanding investment and production opportunities through benefits to be gained from specialization and economies of scale, thus providing greater opportunities of employment and securing higher living standards for their populations;

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MINDFUL of the importance of expanding access on favourable terms for their goods to each other's markets and of developing trade arrangements which promote the rational and outward-oriented expansion of production and trade;

NOTING that the international community has fully recognized the importance of encouraging the establishment of preferences among developing countries at the international, regional and subregional levels, particularly through the resolutions of the General Assembly of the United Nations establishing the International Development Strategy for the Second United Nations Development Decade and the Declaration on the Establishment of a New International Economic Order and the Programme of Action for the Establishment of a New International Economic Order; the Concerted Declaration on Trade Expansion, Economic Co-operation and Regional Integration among Developing Countries adopted at UNCTAD II; as well as Part IV of the General Agreement on Tariffs and Trade and Article V of the General Agreement on Trade in Services and decisions made in pursuance thereof;

NOTING FURTHER that developing countries have already taken some major decisions intended to promote such type of preferential arrangements among themselves such as the Global System of Trade Preferences;

CONVINCED that the establishment of preferences among the developing member countries of ESCAP, complementary to other efforts undertaken in other international forums, could make an important contribution to the development of trade among developing countries;

The Governments of the People's Republic of Bangladesh, the People's Republic of China, the Republic of India, the Lao People's Democratic Republic, the Republic of Korea and the Democratic Socialist Republic of Sri Lanka HAVE AGREED as follows:

Chapter I – GENERAL PROVISIONS

Article 1

Definitions

For the purposes of this Agreement, the following definitions shall apply:

- 1) "Participating State" means a State which has consented to be bound by the Agreement by deposition of its instrument of accession or ratification with the Executive Secretary of ESCAP.
- 2) "Original Participating States" means the People's Republic of Bangladesh, the Republic of India, the Lao People's Democratic Republic, the Republic of Korea and the Democratic Socialist Republic of Sri Lanka.
- 3) "Developing member countries of ESCAP" means those countries included in paragraphs 3 and 4 of the terms of reference of the Economic and Social Commission for Asia and the Pacific, including any future amendments thereto.
- 4) "Least developed country" means a country designated as such by the United Nations.
- 5) "Products" means all products including manufactures and commodities in their raw, semi-processed and processed forms.
- 6) "Like product" is a product which is identical to the product under consideration or, in the absence of such a product, another product which, although not identical, has characteristics closely resembling those of the product under consideration.
- 7) "Tariffs" means customs duties included in the national tariff schedules of the Participating States.
- 8) "Border charges and fees" means border charges and fees, other than tariffs, on foreign trade transactions with a tariff-like effect which are levied solely on imports, but are not indirect taxes and charges which are levied in the same manner on like domestic products. Import charges corresponding to specific services rendered are not considered border charges and fees.

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- 9) “Non-tariff measures” means any measures, regulations or practices, other than tariffs and border charges and fees, the effect of which is to restrict imports or to significantly distort trade.
- 10) “Margin of preference” means the percentage difference between the Most-Favoured-Nation (MFN) rate of duty and the preferential rate of duty for the like product, and not the absolute difference between those rates. Thus,

$$\text{Margin of preference} = (\text{MFN duty} - \text{tariff rate conceded under the Agreement}) \times 100(\text{per cent})$$

MFN duty

- 11) “Value of the concessions” means the extent of benefits received by other Participating States from the tariff/non-tariff preferences given by each Participating State through its National List of Concessions agreed upon under this Agreement. In the case of tariff preferences, the value of the concessions shall be deemed to be preserved if margins of preference are maintained.
- 12) “Serious injury” means significant damage to domestic producers of like or similar products resulting from a substantial increase of preferential imports in situations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an evaluation of other relevant economic factors and indices having a bearing on the state of the domestic industry of that product.
- 13) “Threat of serious injury” means a situation in which a substantial increase of preferential imports is of a nature to cause serious injury to domestic producers, and that such injury, although not yet existing, is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegations, conjecture, or remote or hypothetical possibility.

Article 2

Objectives

The objectives of this Agreement are to promote economic development through a continuous process of trade expansion among the developing member countries of ESCAP and to further international economic co-operation through the adoption of mutually beneficial trade liberalization measures consistent with their respective present and future development and trade needs.

Article 3

Principles

The Agreement shall be governed in accordance with the following general principles:

- (i) The Agreement shall be based on overall reciprocity and mutuality of advantages in such a way as to benefit equitably all Participating States;
- (ii) The principles of Transparency, National Treatment and Most-Favoured-Nation Treatment shall apply to the trade relations among the Participating States;
- (iii) The special needs of least developed country Participating States shall be clearly recognized and concrete preferential measures in their favour shall be agreed upon.

Chapter II – PROGRAMME OF TRADE LIBERALIZATION

Article 4

Negotiation of Concessions

This Agreement may, inter-alia, consist of arrangements relating to: (a) tariffs; (b) border charges and fees; (c) non-tariff measures. Participating States may conduct their negotiations for tariff concessions in accordance with any one or a combination of the following approaches and procedures: (a) product-by-product basis; (b) across-the-board tariff reductions; (c) sectoral basis. The tariff negotiations should be based on the current MFN rates applied by each Participating State. Participating States shall enter into periodic negotiations with a view to further expanding this Agreement and the fuller attainment of its aims.

Article 5

Application of Concessions

Each Participating State shall apply such tariff, border charge and fee, and non-tariff concessions in favour of the goods originating in all other Participating States as are set out in its National List of Concessions. These National Lists of Concessions are attached as annex I, which is an integral part of this Agreement.

Article 6

Non-Tariff Measures

Each Participating State shall take appropriate measures, consistent with its development needs and objectives, for the gradual relaxation of non-tariff measures which may affect the importation of products covered by its National List of Concessions. Issues relating to technical barriers to trade and sanitary and phytosanitary measures among Participating States shall be dealt with, as far as practicable, in accordance with the WTO provisions

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on these subjects. Participating States shall also make available to one another on a transparent basis a list of non-tariff measures existing on conceded products.

Article 7

Special Concessions to Least Developed Country Participating States

Notwithstanding the provisions of article 5 of this Agreement, any Participating State may grant to least developed country Participating States special concessions which shall apply to all least developed country Participating States and shall not be extended to other Participating States. These special concessions shall be included in the National List of Concessions of the preference-giving Participating State.

Article 8

Rules of Origin

Products contained in the National Lists of Concessions annexed to this Agreement shall be eligible for preferential treatment if they satisfy the Rules of Origin set out in annex II, which is an integral part of this Agreement.

Article 9

Preservation of the Value of the Concessions

Except as provided for elsewhere, in order to secure preservation of the value of the concessions set out in the attached National Lists of Concessions, the Participating States shall not abrogate or reduce the value of these concessions after the entry into force of this Agreement through the application of any charge or measure restricting commerce other than those existing prior thereto, except where a charge corresponds to: (a) an internal tax imposed on a similar domestic product; (b) an anti-dumping or countervailing duty; or (c) fees commensurate with the cost of services rendered.

Article 10

Re-establishment of Margins of Preference

If, as a result of a tariff revision, a Participating State reduces or abrogates the value of the concessions granted to the other Participating States, it shall within a reasonable period of time take mutually acceptable compensatory action to re-establish margins of preference of equivalent value or enter into prompt consultations with the other Participating States as provided for in chapter IV in order to negotiate a mutually satisfactory modification of its National List of Concessions. For the purposes of this article, a reasonable period of time means not exceeding six months from the date of issue of the notification of tariff revision. A Participating State exceeding this period shall provide justification as to the reasons thereof.

Article 11

Coverage of the Agreement

The Agreement shall cover all products including manufactures and commodities in their raw, semi-processed and processed forms. Participating States shall explore further areas of cooperation with regard to border and non-border measures to supplement and complement the liberalization of trade. These may include, among others, the harmonization of standards, mutual recognition of tests and certification of products, macroeconomic consultations, trade facilitation measures and trade in services.

Chapter III – TRADE EXPANSION

Article 12

Trade Expansion and Diversification

To ensure the consolidation, continued expansion and further diversification of trade, the Participating States agree to keep in view the objectives and provisions set out in the following subparagraphs and shall strive to implement them expeditiously in a manner consistent with their national policies and procedures:

- a. To the fullest extent possible, Participating States shall grant to one another, in relation to imports originating in the territory of any one of them, a treatment no less favourable than that which prevailed prior to the entry into force of this Agreement;
- b. With respect to taxes, rates and other internal duties and charges, products originating in the territory of a Participating State shall enjoy in the territory of every other Participating State a treatment no less favourable than that accorded by that other Participating State to similar products of domestic origin;
- c. Participating States shall endeavour, in relation to each other, not to introduce or increase the incidence of tariffs, border charges and fees, and non-tariff measures on products of current or potential export interest to the other Participating States. For purposes of determination of the products that fall within the purview of this paragraph, the Participating States shall submit, and the Standing Committee shall decide on, lists of products in this category from time to time;
- d. Whenever considered necessary, Participating States shall take appropriate measures for co-operation, particularly in customs administration, to facilitate implementation of this Agreement and to simplify and standardize procedures and

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formalities relating to reciprocal trade. For this purpose the Standing Committee shall take the required administrative action;

- e. The Participating States shall, as far as practicable, follow the provisions of relevant WTO Agreements including the Agreement on the Implementation of Article VI of the GATT 1994 and the Agreement on Subsidies and Countervailing Duties, and ensure that the provisions of this Agreement are harmoniously applied;
- f. Participating States shall adopt the latest version of the Harmonized Commodity Description and Coding System of the World Customs Organization as a common tariff nomenclature and, as far as practicable, conduct further negotiations on the basis of the six-digit level of the HS classification of goods;
- g. Through further negotiations, Participating States shall take steps to expand the coverage and value of the concessions on products of export interest to one another. To this end, the Standing Committee shall adopt from time to time a programme of action to accelerate the process of negotiations, including additional negotiating techniques and the possible establishment of specific targets for the negotiations.

Article 13

Extension of Advantage, Benefit, Franchise, Immunity or Privilege

In matters of trade, any advantage, benefit, franchise, immunity or privilege applied by a Participating State in respect of a product originating in or intended for consignment to any other Participating State or any other country shall be immediately and unconditionally extended to the like product originating in or intended for consignment to the territories of the other Participating States.

Article 14

Non-Application of Preferences

The provisions of article 13 shall not apply in relation to preferences granted by Participating States:

- a. Through bilateral trade agreements, to other Participating States and to third countries;
- b. Exclusively to other developing countries prior to the entry into force of this Agreement;
- c. To least developed country Participating States under article 7 of this Agreement;
- d. To other Participating States which may be classified by the Participating States as at a relatively less advanced stage of economic development, provided that such preferences are accorded without full reciprocity from the relatively less advanced country. The Standing Committee shall decide from time to time which Participating States shall be considered to be in the category of countries at a relatively less advanced stage of economic development;
- e. To any other Participating State(s) and/or other developing member countries of ESCAP with which the Participating State engages in the formation of an economic integration grouping;
- f. To any other Participating State(s) and/or other developing countries with which the Participating State enters into an industrial co-operation agreement or joint venture in other productive sectors, within the purview of article 16.

Notwithstanding the above exceptions, each Participating State shall take the necessary steps to reconcile, to the extent possible, the provisions of agreements entered into with third countries with the provisions of this Agreement.

Article 15

Special Consideration for Least Developed Country Participating States

Special consideration shall be given by Participating States to requests from least developed country Participating States for technical assistance and cooperation arrangements designed to assist them in expanding their trade with other Participating States and in taking advantage of the potential benefits of this Agreement.

Article 16

Extension of Special Tariff and Non-Tariff Preferences

The Participating States agree to consider extending special tariff and non-tariff preferences in favour of products included in industrial co-operation agreements and joint ventures in other productive sectors reached among some or all of them, and/or with the participation of other developing member countries of ESCAP, which will apply exclusively in favour of the countries participating in the said agreements or ventures. Provisions for such agreements or ventures shall be embodied in protocols, which shall enter into force for the Participating States concerned after the Standing Committee has declared their compatibility with this Agreement.

Chapter IV – SAFEGUARD MEASURES AND CONSULTATIONS

Article 17

Suspension of Concessions

(i) If, as a result of the implementation of this Agreement, imports of a particular product included in the National List of Concessions of a Participating State originating in the territory of another Participating State or other Participating States, are increasing in such a manner as to cause, or threaten to cause, serious injury to

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domestic industry that produces like or directly competitive products in the importing Participating State, the importing Participating State may suspend, provisionally and without discrimination, concessions included in its National List of Concessions in respect of that particular product and shall simultaneously notify the Standing Committee and enter into consultations with the other Participating State(s) concerned, with a view to reaching agreement to remedy the situation, keeping the Standing Committee duly informed of progress in these consultations.

- (ii) If agreement among the Participating States concerned cannot be reached within 90 days, the Standing Committee shall then seek to obtain a mutually acceptable solution through: (a) confirmation of the suspension; or (b) modification of the concession; or (c) its replacement by a concession of equivalent value. If the Standing Committee cannot reach a satisfactory solution within 90 days from that date, the Participating State(s) affected by the suspension shall then be free to temporarily suspend the application to the trade of the Participating State which has taken such action of substantially equivalent concessions, subject to notification to and further negotiation for a mutually acceptable solution by the Standing Committee, which shall adopt its final decision by at least a two-thirds majority vote within 90 days following the date of receipt of the latter notification.
- (iii) The preconditions and circumstances for the legitimate application of safeguard measures shall, as far as possible, be the same as provided under the WTO Agreement on Safeguards.

Article 18

Balance of Payments Restrictions

(i) Notwithstanding the provisions of article 9 of this Agreement and without prejudice to existing international obligations, a Participating State which finds it necessary to introduce restrictions on imports for the purpose of safeguarding its balance of payments may do so while endeavouring to safeguard the value of the concessions embodied in its National List of Concessions. If, however, such restrictions are applied by a Participating State in respect of products included in its National List of Concessions, such restrictions shall apply provisionally and without discrimination, and notice thereof must immediately be given to the Standing Committee with a view to negotiating a mutually satisfactory solution, in accordance with the procedures set out in articles 19 and 20 of this Agreement. Notwithstanding these consultation procedures, Participating States applying balance of payments restrictions with respect to products included in their National Lists of Concessions shall progressively relax such restrictions as their balance of payments situation improves and shall eliminate such restrictions when conditions no longer justify their maintenance.

(ii) The preconditions and circumstances for the legitimate application of balance of payments safeguards shall, as far as practicable, be the same as provided under WTO's Understanding on Balance of Payments Provisions of the GATT 1994.

Article 19

Remedy of Trade Disadvantages

If, as a result of the implementation of this Agreement, significant and persistent disadvantages are created in respect of the trade between one Participating State and the others as a whole, those Participating States shall, at the request of the affected Participating State, accord sympathetic consideration to the representation or request of

the latter, and the Standing Committee shall afford adequate opportunity for consultations with a view to taking the necessary steps to remedy such disadvantages through the adoption of suitable measures, including additional concessions, designed to further expand multilateral trade.

Article 20

Non-Compliance

If a Participating State should consider that another Participating State is not duly complying with any given provision under this Agreement, and that such non-compliance adversely affects its own trade relations with that Participating State, the former may make formal representation to the latter, which shall give due consideration to the representation made to it. If no satisfactory adjustment is effected between the Participating States concerned within 120 days following the date on which such representation was made, the matter may be referred to the Standing Committee, which may decide to make to any Participating State such recommendation as it considers appropriate. If the Participating State concerned does not comply with the recommendation of the Standing Committee, the latter may authorize any Participating State to suspend, in relation to the non-complying State, the application of such obligations under this Agreement as the Standing Committee considers appropriate.

Article 21

Dispute Settlement

Any dispute that may arise among Participating States regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework shall be amicably settled by an agreement between the parties concerned. In the event of Participating States' failure to settle a dispute among themselves, the dispute will be brought to the Standing Committee to resolve. The Standing Committee shall review the matter and make a recommendation thereon within 120 days from the date on

which the dispute was submitted to it. The Standing Committee shall adopt appropriate rules for this purpose.

Chapter V – THE STANDING COMMITTEE AND ADMINISTRATION OF THE AGREEMENT

Article 22

Standing Committee

A Standing Committee, consisting of the representatives of the Participating States (hereinafter referred to as the “Committee”), shall meet at least once a year and be responsible for reviewing the application of this Agreement, carrying out consultations, making recommendations and taking decisions as required, and, in general, undertaking whatever measures may be required to ensure the adequate implementation of the objectives and provisions of this Agreement.

Article 23

Ministerial Council

The Participating States, for the purpose of supervising, coordinating and reviewing the implementation of this Agreement, establish a Council at minister level comprising of one minister from the relevant economic ministry of each Participating State. The Council shall meet at least once every two years, or whenever it becomes necessary. The Committee shall provide support to the Ministerial Council for the discharge of its responsibilities.

Article 24

Decision-Making

The practice of decision-making by consensus will be the preferred practice of the Committee, and will be implemented whenever possible. If the need arises, however, the Committee shall, by a two-thirds majority vote, adopt such rules of procedure as may be required for the performance of its functions, provided that at least two thirds of the Participating States are present to cast votes. The Committee shall communicate with third countries and international organizations in matters relating to the interpretation and operation of this Agreement, and may request the technical advice and the co-operation of national and international organizations.

Chapter VI – REVIEW AND MODIFICATIONS

Article 25

Review of the Agreement

- (i) At each session, the Committee shall review progress made in the implementation of this Agreement, taking into account the objectives and principles set out in articles 2 and 3.
- (ii) At least once a year, the Committee shall make a critical review of reciprocal trade with a view to making the necessary corrections and improvements in the National Lists of Concessions to ensure that the benefits deriving from the application of this Agreement accrue to all Participating States in a mutually satisfactory manner, consistent with each country's contribution to the Programme of Trade Liberalization set out in chapter II.
- (iii) Every three years the Committee shall undertake a major review in order to determine means of advancing the aims of promoting trade expansion among the developing member countries of ESCAP.

Article 26

Amendments to the Agreement

Except where provision for modification is made elsewhere in this Agreement all articles of this Agreement may be modified through amendments to the Agreement. Amendments to the provisions of chapters II and III and of article 26 shall become effective upon acceptance by all Participating States. For all other amendments, the Committee will make every effort to adopt a decision by consensus as to whether the amendments in question shall become effective; if a consensus decision is not reached, however, these amendments shall become effective upon acceptance by two thirds of the Participating States.

Article 27

Duration of Application of Concessions

Except for the special circumstances listed under chapter IV, the concessions contained in the National Lists of Concessions shall have a minimum duration of application of three years from the date of their entry into force. If at the end of that period they are modified or withdrawn, the Participating States concerned shall enter into consultations with a view to re-establishing a general level of the value of the concessions which shall be at least as favourable to their mutual trade as that existing prior to the modification or withdrawal.

Article 28

Replacement of Concessions

In the case of concessions withdrawn or modified in accordance with provisions set out under chapter IV, the Participating State concerned shall attempt to replace such concessions by other concessions of at least equivalent value.

Article 29

Promotion of Concessions and Participation

The Committee shall continuously promote negotiations for additions to the National Lists of Concessions and for increasing the number of Participating States and shall sponsor such negotiations at the time of the annual trade reviews provided for under article 25 or at any other time it may deem desirable.

Chapter VII – ACCESSION AND WITHDRAWAL

Article 30

Accession to the Agreement

- (i) After its entry into force, this Agreement shall be open for accession by any developing member country of ESCAP.
- (ii) Upon notification being received by the Committee through the Executive Secretary of ESCAP from any such country regarding its intention to accede to this Agreement, the Committee shall take the necessary steps to facilitate accession of the applicant country to this Agreement on terms consistent with the latter's present and future development and trade needs as well as with the principle of mutual benefit.
- (iii) The applicant country shall offer concessions in exchange for the existing concessions of Participating States and, unless otherwise decided, shall not ask for additional concessions from Participating States through a request list or otherwise.
- (iv) After due negotiations, the applicant country may accede to the Agreement by consensus. If consensus is not reached, however, the applicant country may accede to the Agreement if at least two thirds of the Participating States recommend its accession. If any of the Participating States objects to such accession, however, the

provisions of the Agreement shall not apply as between that country and the acceding country.

- (v) This Agreement shall come into force for an eligible acceding State on the date of deposit of its corresponding instrument of accession, accompanied by the National List of Concessions and the related administrative notification, with the Executive Secretary of ESCAP.
- (vi) For the purposes of this article, a related administrative notification means a government notification, such as a customs notification, that gives practical effect to the acceding State's obligations under the Agreement.

Article 31

Notification of Accession, Ratification and Entry into Force

The Executive Secretary of ESCAP shall notify the Participating States and other developing member countries of ESCAP of: (a) accessions to and ratifications of this Agreement; and (b) the date on which this Agreement enters into force for a new Participating State.

Article 32

Withdrawal from the Agreement

Any Participating State may withdraw from this Agreement, such withdrawal to take effect six months following the day on which written notice of the same is served to the Participating States through the Executive Secretary of ESCAP. The rights and obligations of a Participating State which has withdrawn from this Agreement shall cease to apply as of that date. After that date, the Participating States and the withdrawing country shall jointly decide whether to withdraw in whole or in part the concessions received by the latter from the former and vice versa.

Chapter VIII – MISCELLANEOUS AND FINAL PROVISIONS

Article 33

Amendments to National Lists of Concessions

Amendments to annex I in pursuance of the provisions of article 29 shall consist of:

- (a) The reduction of tariffs, border charges and fees, and non-tariff measures on products already included in the National Lists of Concessions of the Participating States;
- (b) The reduction of tariffs, border charges and fees, and non-tariff measures on products not yet included in the National Lists of Concessions of the Participating States;
- (c) The reduction of tariffs, border charges and fees, and non-tariff measures on products included in the National Lists of Concessions of acceding States.

Article 34

Entry into Force of National Lists of Concessions

Upon receipt by the Committee of the respective notification of intention by the Participating State concerned, any amendment to annex I shall enter into force 30 days after the date on which the Committee, by a two-thirds majority vote, has declared the compatibility of such proposed amendment with the objectives of this Agreement. The Governments of the Participating States bind themselves to undertake whatever internal administrative measure as may be required to comply with this provision. The National Lists of Concessions of acceding States shall enter into force 30 days after the dates on which the respective instruments of accession have been deposited with the Executive Secretary of ESCAP.

Article 35

Exceptions

Nothing in this Agreement shall prevent any Participating State from taking action and adopting measures which it considers necessary for the protection of its national security, the protection of public morality, the protection of human, animal and plant life and health, and the protection of articles of artistic, historical and archaeological value.

Article 36

Non-Application of the Agreement

This Agreement shall not apply as between any Participating States if they have not entered into direct negotiations with each other and if either of them, at the time of its signature, deposit of instrument of ratification or of accession, does not consent to such application.

Article 37

Reservations

Except for the provisions made under article 36, this Agreement may not be signed with reservations nor shall reservations be admitted at the time of ratification or accession.

Article 38

Depositary

The original of this Agreement, as well as any amendments to the Agreement, shall be deposited with the Executive Secretary of ESCAP, who shall transmit a certified copy thereof to each Participating State.

Article 39

Registration of the Agreement

This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

Article 40

Name of the Agreement

This Agreement, which was hitherto called the First Agreement on Trade Negotiations Among Developing Member Countries of the Economic and Social Commission for Asia and the Pacific, as also the Bangkok Agreement, shall henceforth be called the Asia-Pacific Trade Agreement.

IN WITNESS WHEREOF, the undersigned, duly authorized representatives of the original signatory States, have signed the present Agreement on behalf of their respective Governments. Done at Beijing, this second day of November, two thousand and five, in one single copy in the English language.

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Annex I: National Lists of Concessions

1. National List of Concessions: Bangladesh
2. National List of Concessions: India
 - 2-1. List of Special Concessions by India to least developed countries
3. National List of Concessions: Korea
 - 3-1. List of Special Concessions by Korea to least developed countries
4. National List of Concessions: Sri Lanka
 - 4-1. List of Special Concessions by Sri Lanka to least developed countries
5. National List of Concessions: China
 - 5-1. List of Special Concessions by China to least developed countries- 1 -

ANNEX II

Rules of Origin for the Asia-Pacific Trade Agreement

For determining the origin of products eligible for preferential concessions under the Asia-Pacific Trade Agreement in the light of Article 8 of the Agreement, the following Rules shall be applied:

RULE 1: Originating products

Products covered by preferential trade within the framework of the Agreement imported into the territory of a Participating State from another Participating State which are consigned directly within the meaning of Rule 5 hereof, shall be eligible for preferential concessions if they conform to the origin requirement under any one of the following conditions:

- (a) Products wholly produced or obtained in the exporting Participating State as defined in Rule 2; or
- (b) Products not wholly produced or obtained in the exporting Participating State, provided that the said products are eligible under Rule 3 or Rule 4.

RULE 2: Wholly produced or obtained

Within the meaning of Rule 1 (a) the following shall be considered as wholly produced or obtained in the exporting Participating State:

- (a) raw or mineral products extracted from its soil, its water or its seabeds;¹
- (b) agricultural products harvested there;²
- (c) animals born and raised there;
- (d) products obtained from animals referred to in paragraph (c) above;
- (e) products obtained by hunting or fishing conducted there;

- (f) products of sea fishing and other marine products taken from the high seas by its vessels;^{3/4}
- (g) products processed and/ or made on board its factory ships^{4/5} exclusively from products referred to in paragraph (f) above;
- (h) parts or raw materials recovered there from used articles which can no longer perform their original purpose nor are capable;
- (i) used articles collected there which can no longer perform their original purpose there nor are capable of being restored or repaired and which are fit only for disposal or for the recovery of parts or raw materials;
- (j) waste and scrap resulting from manufacturing operations conducted there;
- (k) goods produced there exclusively from the products referred to in paragraph(a) to (j) above.

RULE 3: Not wholly produced or obtained

- (a) Within the meaning of Rule 1(b), products worked on or processed as a result of which the total value of the materials, parts or produce originating from non-Participating States or of undetermined origin used does not exceed 55 per cent of the f.o.b. value of the products produced or obtained and the final process of manufacture is performed within the territory of the exporting Participating State shall be eligible for preferential concessions, subject to the provisions of Rule 3(c), (d) and (e).
- (b) Sectoral agreements⁶
- (c) The formula for calculating the content of non-originating materials, and its requirement for obtaining the originating status referred to in Rule 3(a) is as follows:

*Value of imported non-originating Value of undetermined origin
materials, parts or produce + materials, parts or produce*

----- $\times 100 \leq 55\%$

f.o.b. price

(d) The value of the non-originating materials, parts or produce shall be:

- (i) the c.i.f. value at the time of importation of materials, parts or produce where this can be proven; or
- (ii) The earliest ascertainable price paid for the materials, parts or produce of undetermined origin in the territory of the Participating State where the working or processing takes place.

(e) Whether or not the requirements of Rule 1(b) are satisfied, the following operations or processes are considered to be insufficient to confer the status of originating products:

- i) Operations to ensure the preservation of products in good condition either for transportation or storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations);
- ii) Simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;
- iii) Changes of packaging and breaking up and assembly of consignments;
- iv) Simple slicing, cutting or repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards, etc.
- v) The affixing of marks, labels or other like distinguishing signs on products or their packaging;
- vi) Simple mixing;
- vii) Simple assembly of parts of products to constitute a complete product;

- viii) Slaughter of animals;
- ix) Peeling, unflaking, grain removing and removal of bones; and
- x) A combination of two or more operations specified above.

RULE 4: Cumulative rules of origin

Products which comply with origin requirements provided for in Rule 1 and which are used by a Participating State as input for a finished product eligible for preferential treatment by another Participating State shall be considered as a product originating in the territory of the Participating State where working or processing of the finished product has taken place provided that the aggregate content originating in the territory of the Participating States is not less than 60 percent of its f.o.b. value.⁷

RULE 5: Direct consignment

The following shall be considered as directly consigned from the exporting Participating State to the importing Participating State :

- (a) if the products are transported without passing through the territory of any non-Participating State :
- (b) the products whose transport involves transit through one or more intermediate non-Participating States with or without transshipment or temporary storage in such countries, provided that :
 - (i) the transit entry is justified for geographical reason or by considerations related exclusively to transport requirements;
 - (ii) the products have not entered into trade or consumption there ; and
 - (iii) the products have not undergone any operation there other than unloading and reloading or any operation required to keep them in good condition.

RULE 6: Treatment of packing

When determining the origin of products, packing should be considered as forming a whole with the product it contains. However, packing may be treated separately if the national legislation so requires.

RULE 7: Certificate of origin

Products eligible for preferential concessions shall be supported by a Certificate of Origin⁸ issued by an authority designated by the government of the exporting Participating State and notified to the other Participating States in accordance with the attached sample Certificate of Origin and notes for the completion thereof.

RULE 8: Prohibition and co-operation

- (a) Any Participating State may prohibit importation of products containing any inputs originating from States with which it does not have economic and commercial relations.
- (b) Participating States will do their best to co-operate in order to specify origin of inputs in the Certificate of Origin.

RULE 9: Review

These Rules may be reviewed as and when necessary upon request of one-third of the Participating States and may be open to such modifications as may be agreed upon.

RULE 10: Special criteria percentage

Products originating in least developed Participating States can be allowed a favorable 10 percentage points applied to the percentages established in Rules 3 and 4. Thus, for Rule 3, the percentage would not exceed 65 percent, and for Rule 4, the percentage would not be less than 50 percent. Customs Notification No.94/2006-CUSTOMS (N.T.) dt. 31st August, 2006& No.89/2006-CUSTOMS dt. 1st Sept., 2006 issued by Government of India

Footnotes

1. Includes mineral fuels, lubricants and related materials as well as minerals or metal ores.
2. Includes forestry products.
3. “Vessels”- shall refer to fishing vessels engaged in commercial fishing, registered in a Participating State and operated by a citizen or citizens or governments of Participating States or partnership, corporation or association, duly registered in such Participating State, at least 60 per cent of equity of which is owned by a citizen or citizens and/or government of such Participating State or 75 per cent by citizens and/or governments of the Participating States. However, the products taken from vessels engaged in commercial fishing under bilateral agreements which provide for chartering/leasing of such vessels and/or sharing of catch between Participating States, will also be eligible for preferential concessions.
4. In respect of vessels or factory ships operated by government agencies the requirement of flying the flag of a Participating State shall not apply.
5. For the purpose of this Agreement, the term “factory ship” means any vessel, as defined, used for processing and/or making on board products exclusively from those products referred to in paragraph (f) above.
6. In respect of products traded within the framework of sectoral agreements negotiated under this Agreement, provision may need to be made for special criteria to apply. Consideration may be given to these criteria as and when the sectoral agreements are negotiated.
7. “Partial” cumulation as implied by Rule 4 above means that only products which have acquired originating status in the territory of one Participating State may be taken into account when used as inputs for a finished product eligible for preferential treatment in the territory of another Participating State subject to Rule 3 (e).

LVII

8. A standard Certificate of Origin to be used by all Participating States is annexed and approved by the Participating States.

LVIII

SAMPLE CERTIFICATE OF ORIGIN Asia-Pacific Trade Agreement

(Combined declaration and certificate) 1.Goods consigned from: (Exporter's business name, address, country)		Reference No. Issued in (Country)			
2. Goods consigned to: (Consignee's name, address, country)		3. For Official use			
4. Means of transport and route:					
5. Tariff item number:	6. Marks and number of Packages:	7. Number and kind of packages/ description of goods:	8. Origin criterion (see notes overleaf)	9. Gross weight or other quantity:	10. Number and date of invoices:
11. Declaration by the exporter : The undersigned hereby declares that the above details and statements are correct: that all the goods were produced in and that they comply with the origin requirements specified for these goods in the Asia-Pacific Trade Agreement for goods exported to (Importing Country) 			12. Certificate It is hereby certified on the basis of control carried out, that the declaration by the exporter is correct. Place and date, signature and Stamp of Certifying Authority		
Place and date, signature of authorized Signatory					