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Master's Thesis

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## **Title page**

*The following study represents my master's thesis in a Joint Master's Program called China and International Relations, offered by Aalborg University, Denmark and University of International Relations, the People's Republic of China.*

### **Master's Thesis**

10th Semester – University of International Relations

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*The above student hereby declares that the current Master's thesis was written independently and that no content included therein was obtained in contravention of the applicable regulations. The Master's thesis was not previously presented to another examination board and has not been published*

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## Abstract

This thesis is aimed at understanding the complexities of China-US relations in the South China Sea along with their contributing factors. The motivation for the current research is represented by the complexities and uniqueness represented by the South China Sea disputes. I see the South China Sea as a good case study for future China-US engagements globally. In this regard, even if within their bilateral relations, mutual interests are really strong, the South China Sea could provide some answers to the ones are asking how willing are China and the United States to make compromises when their interests and perceptions appear to be in conflict. They will flex their muscles or one of them will put a step back at some point?

In order to find a suitable answer to our research question, the author will analyse the perception gap between China and the United States in the South China Sea, China's increasing power and assertiveness along with their implications for the region, and China and the US core interests.

First of all, the Background section includes aspects like the South China Sea particularities, China and the US strategies and positions over the Asia-Pacific region and an evaluation of China-US bilateral relations from a general point of view.

Secondly, data studied in the Analysis section will include information about China-US perceptions in respect to the South China Sea issue. In order to asses the perceptiong gap between them, I will appeal to realist understandings over the concept of sovereignty, as well as to the UNCLOS principles. The second aspect analysed will be China's increasing power and assertiveness in the South China Sea. In this section, I will appeal to neorealist and defensive realist understandings of international politics along with the balance of power theory and some concepts like power in international relations and security dilemma. An evaluation of their core interests in the South China Sea will also take place. I will understand the concept of interest by appealing to realist understandings as well as to defensive realist understandings in order to asses what is seen as hidden interests in the South China Sea. Taking into account this three pillars of the analysis, finally it will be able to find the similarities and differences of China and the US approach to the South China Sea, and to characterize and define the state of their relations along with my understanding regarding their contributing factors.

Thirdly, in the Discussion section, through the use of an analytical tool, namely Game Theory, I will be able to provide an understanding regarding their future strategies, engagements, and future China-US relations in the South China Sea.

Finally, the Conclusion section will offer an overview on the findings achieved during this study.

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## Abbreviation list

**AMTI** – Asia Maritime Transparency Initiative

**ASEAN** - Association of Southeast Asian Nations

**BP** – British Petroleum

**CCP** - the Communist Party of China

**EEZ** - Exclusive Economic Zone

**GDP** – the gross domestic product

**LOS** - Law of the Sea

**PRC** - the People's Republic of China

**SIPRI** - Stockholm International Peace Research Institute

**UNCLOS** – the United Nations Convention on the Law of the Sea

**US** – the United States

**US EIA** - the U.S. Energy Information Administration

## Chinese names for the South-East Asian islands mentioned in this study:

- The Spratly Islands  The Nansha Islands
  - The Paracel Islands  The Xisha Islands
  - The Pratas Islands  The Dongsha Islands
  - The Macclesfield Bank and the Scarborough Shoal 
- The Zhongsha Islands
- The Senkaku Islands  The Diaoyu Islands

# 1. Introduction

In recent period, the South China Sea has become a more volatile and turbulent region with the risk of conflict more plausible than ever before (Glaser, 2015). China's economic growth, its membership in various international organizations and agencies, as well as the Chinese massive capital investments in the world market have changed China's position in the world and turned it into one of the most powerful and influential countries worldwide. However, in the past few years, China's economic growth has experienced a slow down, but with a GDP growth rate yearly still at 6.7% (Shepard, 2016).

China's influence on the international scene has also undergone major changes. China has become more active and involved in different regions of the world and showed that although embraced a peaceful rise it is also capable to threaten with the use of force when its interests and security are a subject of dispute (Bijian, 2005).

The United States, possessing the title of the most powerful country in the world (Mearsheimer, 2014, p. 1) has not defined a steady policy regarding China, and researchers still debate about how should be the attitude toward Beijing. Changes in attitude were common and obvious in several presidencies of the United States and nowadays it is also the case if we take a look at the new Trump presidency (Etzioni, 2017).

Considered the second largest economic power (The World Bank, 2017), China was often seen as a rival while sometimes as a partner of the United States (Wallerstein, 2012). The US interests in the Asia-Pacific are varied and the US was capable to create an alliance system to render a fairly comfortable position in the region. In terms of maritime power, which is seen as essential when it comes to disputes in the South China Sea, the US along with countries like India, Japan and Australia did not have a competitor in the Asian seas. The aforementioned countries also have an interest to a greater or lesser extent to counter China's aspirations in the South China Sea (Schreer, 2015, p. 1).

However, at the end of the 20th century, China has made a step in this direction and started to invest a lot of money in its attempts to improve maritime capabilities (Cheng, 2016, p. 459). The Senkaku/Diaoyu islands dispute and the situation in the South China Sea are making reference to this new approach adopted by China. Unlike the dispute over the Senkaku/Diaoyu islands, where only two countries are making territorial claims, the South China Sea is a matter of dispute between six parties, with three of them being the main pivots: Vietnam, the Philippines and the People's Republic of China. Besides the countries that are making territorial claims, the region also attracted other actors seeking a favorable outcome

following this dispute. The complex situation has made necessary also the intervention of the United Nations Convention on the Law of the Sea (UNCLOS), that failed to deal with such a dispute when China decided to reject the verdict of the arbitration between China and the Philippines from 12th of July 2016 (Phillips, Holmes, & Bowcott, 2016).

Under these circumstances, it is hard to see a scenario in which to end all these disputes. Moreover, the strategic importance of the South China Sea, as well as various interests and outcomes expected by many countries regionally hampers more and more a possible resolution.

The current research takes into account the most powerful actors in the region that can influence and change the outcomes of these disputes, namely China and the United States. Strategic interests of the two countries in the South China Sea are varied, and the purpose of the current study is to evaluate their relations in the region. In order to evaluate their relations, I will focus my attention on the perception gap existent between China and the United States, China's increasing power and assertiveness, as well as their interests and strategies used to pursue and defend their interests. Finally, some future prospects regarding China-US relations in the South China Sea will be analyzed along with their possible outcomes.

For the reasons listed above, the following research question is raised:

- What is the state of China-US relations in the South China Sea and what are the contributing factors to this developments?

For answering the main question, several sub-questions will also be included in the research:

- What is the perception gap that exists between China and the United States with regard to the South China Sea issue?
- What are the implications of China's increasing power and assertiveness in the South China Sea?
- What are the core interests of China and those of the United States in the South China Sea?
- What is the optimal strategy for China and the United States in the South China Sea and which are the future possible scenarios in terms of China-US relations in respect to the South China Sea?



**Figure 1: Political Map of the Indo-Pacific region**

Source: Asia Maritime Transparency Index, 2014

## 2. Methodological considerations

This section presents the main understandings that underlie the current research. By presenting the methodological aspects, the aim is to provide an overview of how the research was conducted scientifically and how the data collected were processed and evaluated to produce reliable and valid conclusions.

### 2.1. Research approach and methods

The current research belongs to the social scientific field, more exactly, the international relations domain, and is mainly a comparative and evaluative study. The purpose of the current research is to provide an understanding regarding the aspects that define the relation between China and the United States in the South China Sea. Starting from this point, I will take into account several contributing factors for the construct of China-US relations in this particular region.

The literature is characterized by an abundance of studies regarding the South China Sea, but there does not exist a comparative study taking into account a wide range of aspects that underlie the relation of China and the US in the South China Sea. Thus, various aspects discussed in the current research have been treated separately in different studies, often involving other actors with interests within the region. Moreover, during the literature review, I was not able to find a study using Game Theory in the South China Sea in a non-cooperative way, involving both China and the United States. Another characteristic of this inquiry is the use of neorealism as the conductive theory. And this aforementioned aspects make the current study unique to some extent.

The complexities and particularities of the South China Sea will be demonstrated during the analysis. As it was mentioned above, the main purpose of this study is to seek to show what is the state of China-US relations in the South China Sea. This objective will entail gaining an understanding of other significant aspects regarding the South China Sea issue like: an evaluation of the perception gap that exists between China and the US, the implications of China's increasing power and assertiveness over the South China Sea, and an evaluation of their interests in the South China Sea.

In order to be more precisely and stringent regarding the aim of the current thesis, a research question was listed, as well as several sub-questions. Bryman (2012) understands the utility of a research question as a manner of: "*narrowing down and focusing more directly on what it is that you want to know about*" (Bryman, 2012, p. 8).

A social research may be based on two different approaches that show the relationship between theory and research itself: inductive reasoning and deductive reasoning (Bryman, 2012, p. 21). Because the theory and the hypothesis deduced drive the process of gathering data, a deductive approach will be the basis for further analysis in this study. In this regard, the analysis based on deductive approach starts with a problem formulation and through the use of theory and logical argumentation reach a particular conclusion. The current research understands the international politics through the lens of neorealism, which means that the actions and behavior of states are caused by the structure of our world and not by human nature or social construction. In order to gain knowledge over the problem statement, it is needed also to appeal to the use of theory and observations, which allow researcher to be more subjective and brings his contributions to the current study. However, according to Walliman (2006), theories are: "*speculative answers to perceived problems, and are tested by observation and experiment*" (Walliman, 2006, pg. 17-18).

Thus, neorealism and the balance of power theory in the current research could be tested through observation and findings and the results may confirm the hypothesis or may refute it because of its inconsistency. In this regard, theories may be fallible and open to adjustment (Danermark, et al., 2002, p. 15). No less important is that the current study despite of its comparative and evaluative character, it will try to make also predictions and to offer future prospects regarding China-US relations and their future engagement in the South China Sea.

### **2.1.1. Data collection**

In the current research, it will be used mixed methods, involving both qualitative and quantitative data. In order to obtain data, it was used the non-probability sampling technique combined with the purposive personal judgment of the researcher (Bryman, 2008, p. 418). It means that researcher have a purpose in mind during its investigation and according to his subjective understanding, he is selecting documents not randomly but based on its own judgement and purposes. More precisely, the process of gathering data was formed through several stages: a literature review regarding my object of study, the outline of an opinion on the object of the study based on documents read, selection of documents according to my own understanding and purposes.

In the current research, it was used both official documents and other findings provided by other researchers that proved to be useful for my study. For instance, official documents include several legal frameworks, official statements and statistics. Some examples in this regard are represented by the U.S. Department of State, the U.S. Department of Defense, the

Chinese and the US presidencies, the US Secretary of State, Ministry of Foreign Affairs of the People's Republic of China, the United Nations Oceans and the Law of the Sea (UNCLOS), Stockholm International Peace Research Institute (SIPRI) and so on.

The current research also rely on a huge amount of books, journals, and academic papers, used to provide a better understanding and different kind of interpretations over the object of study. The official and academic statistics as a part of the quantitative data will be taken into account in order to provide an understanding over the military expenditures of China and the United States, their military power capabilities, the amount of oil and natural gas passing through the South China Sea, or the trade flows between China and the ASEAN countries.

Among the journals used in this study are: Foreign Policy, Foreign Affairs, Council on Foreign Relations, Forbes, The Diplomat, The National Interest and so on. Different type of statistics will be provided by agencies like SIPRI, U.S. Energy Information Administration, Global Firepower or Asia Maritime Transparency Index.

Mogalakwe (2006) find out four criteria in order to understand the quality of documents: authenticity, credibility, meaning and representativeness (Mogalakwe, 2006, p. 224). The level of reputation of my selected documents contributes to some extent to the authenticity and credibility of my current findings. However, according to the reader, the unbiased documents may be put under question.

Meaning is another criteria in the evaluation of qualitative data. As non-Chinese speaker, I did not considered documents written in the Chinese language. However, I have assumed that the translation of Chinese documents as provided by several of my sources were correct and I did not change their meaning. Moreover, I used as much as possible just recent documents, going back into past just when it was needed to see the change, the cause or course of some events. In fact, the South China Sea disputes and China-US rivalry there is quite an issue representative to contemporaneity.

Regarding the representativeness, I need to point out that due to the lack of some official documents or statements regarding China's intentions and its exactly position over the South China Sea issue, the study used several theories and concepts and it has chosen to rely on other suitable sources in order to fill this gap.

By taking into account all of our empirical data collected, the goal was to reach scientific knowledge and to provide answers to our questions proposed to be studied. Thus, according to the documents selected, I consider that I was able to create a full picture of the problem proposed to be studied.

### **2.1.2. Game Theory**

In order to provide a better understanding of the complexities in the South China Sea and future prospects over China-US relations, a research method, namely Game Theory, has been chosen.

Game theory is considered to be created by the mathematician John von Neumann in 1928 and represents an empirical method capable of providing empirical predictions which could be tested with observational data. At the same time, game theory is the: *"study of rational behavior in situations of interactive decision making"* (Badie, Berg-Schlosser, & Morlino, 2011, p. 948). As such, game theory starts from the assumption that all actors are rational. Primarily, these actors are looking to find the best strategy to the actions and strategies available, proposed or used by others. In international relations, game theory is used mainly for strategic analysis of the crisis bargaining and the inception of war (Badie, Berg-Schlosser, & Morlino, 2011).

Snidal (1985) made a significant remark: *"What is fundamental to strategic analysis is not the specific subject matter of military or economic issues, but a basic conception of how we understand politics among states"* (Snidal, 1985). Based on this consideration, in the current research the international politics will be understood from a neorealist point of view. This means briefly that:

1. our world is anarchic
2. nation-states are rational in international politics
3. states are primarily seeking power in order to secure their survival and interests
4. it is not the human nature that outlines states behavior but the structure of the international system
5. international politics is a dynamic place where morality did not prevail
6. states seek opportunities to shift the balance of power in their favour

Starting from this understanding of international politics, game theory comprises of two main branches: cooperative and non-cooperative games. A non-cooperative game is focusing more on individual decisions, taking into account the independent strategic moves and potential incentives for players. It deals and tries to explain more the conflict and competition (Badie, Berg-Schlosser, & Morlino, 2011, p. 948).

Depending on the order in which players make their moves, game is divided into simultaneous games and sequential games. A sequential game involves sequential decision processes where players have an idea about earlier actions, and where they react or could

anticipate the future decisions by taking into consideration the other's strategies or options available (Badie, Berg-Schlosser, & Morlino, 2011, p. 952).

Another division of the game occurs regarding the access to information: complete, perfect and incomplete information. Complete information could be understood as a case where: "each player is fully aware of the rules of the game and the utility functions of each of the players" (Policonomics). According to Policonomics: "Perfect information refers to the fact that each player has the same information that would be available at the end of the game" (Policonomics). This means that each player is well-informed about the rules and outcomes of the game, and they could anticipate the other player's moves.

Given the fact that players are rational, they will seek to reach the best utility function by adopting the best response to the other's strategies. However, it is in the interest of players: "to be as unpredictable as possible to his or her opponent" (Badie, Berg-Schlosser, & Morlino, 2011, p. 950). In such a situation, players will do whatever they can to mix their strategies in order to mislead the other players and maximize their payoff.

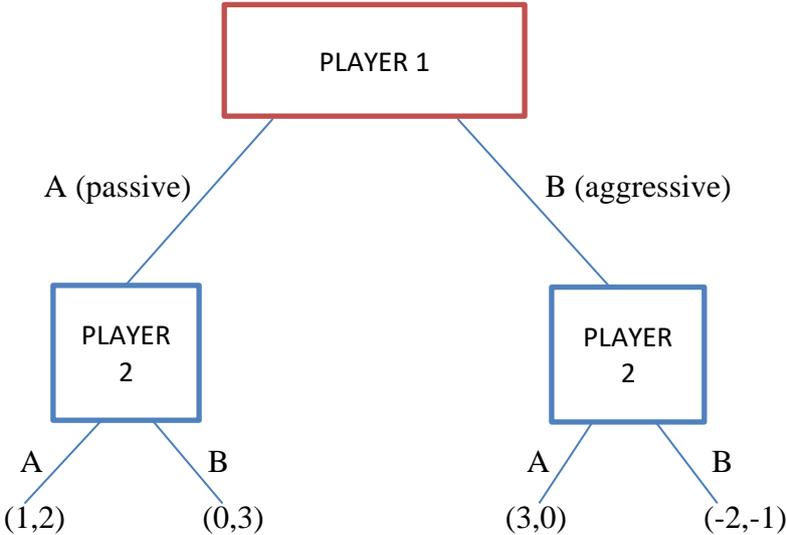


Figure 2: Sequential Non-Cooperative Game with Complete and Perfect Information

Source: Authors

As Green (2016) found out, in the South China Sea, the best choice is to start from the assumption that cooperation between China and the US is not probable (Green, 2016, p. 23). However, the assumptions of other researchers are not sufficient and as a result during the analysis, the current study will seek to demonstrate why the South China Sea involving China and the United States is a non-cooperative and a sequential game. In the figure sample above,

the A strategy is represented by an aggressive approach while the B strategy is represented by a passive one.

As the figure above shows, the costs of adopting an aggressive behavior by both players are significant. At the same time, the benefits for both players are asymmetric if they adopt a passive approach to each other. That is because, they have different expectations and interests regarding the game. In this situation Player 1, for instance, will achieve 1 while Player 2 will achieve 2. For Player 2, the best scenarios are looming if Player 1 choose to adopt the A strategy. If they both act aggressively they lose the benefits and it can be assumed that they will be engaged in an open conflict that requires the use of several resources. Because of that the payoff will be -2, -1 for Player 1, respectively Player 2. This is the worst scenario because Player 1 cannot pursue its interests and made also use of resources by being in conflict, while Player 2 can pursue its interests to some extent but with high costs.

In the event of different strategies used, one player will be able to maximize its payoff while the other player will achieve nothing. Depending on which player choose strategy A or B, one of the countries will achieve 3 while the other will achieve 0. This scenario is better than the confrontation for the country that achieves 0 because despite the fact that the benefits do not exist, this strategy does not imply costs.

If taken together, the best scenario involving both players will be the choice of the A strategy but with a slight advantage for Player 2. Moreover, it is a mixed strategy game because at any time the players could alternate their strategies in order to maximize their payoffs. That happens mainly because the world is anarchic and not regulated by a higher authority, and as a result the environment is always shifting. As such, there are no incentives for players to stay merely attached to one type of approach for several reasons. They are aware that confrontation is the worst scenario, but Player 1 is also aware that choosing just the passive strategy, it will disadvantage him in the long-term. For Player 2 the best strategy involves Player 1 being passive, and in this regard. he will do whatever he can to discourage Player 1 to become aggressive. At the same time, they both know that there exists a higher payoff that you can reach if you constantly switch your strategy.

The actual configuration was chosen because it is compatible with many aspects of the South China Sea issues. In the current study, game theory is related to neorealism to find explanations for the evolution of events in the South China Sea, as well as some prospects over China-US relations.

Some similarities between neorealism and game theory exist and below I identified some of them:

1. the actors are viewed as being rational
2. in realism, the motivation is constituted by securing and pursuing interests, while in game theory the motivation is represented by the maximization of payoffs
3. the system's structure in neorealism is viewed as anarchic, while in game theory in a non-cooperative game, there is no commitment between the players, and as a result they act independently

Firstly, game theory will be used in the current research in order to explain why China and the United States are using mixed strategies, alternating the aggressive and non-aggressive approach in order to pursue and defend their interests. Furthermore, the likelihood that players would act passively or aggressively will be studied. Secondly, game theory will be also used to provide a better understanding regarding the potential costs and benefits of different strategies adopted. Thirdly, game theory gives the opportunity to discuss whether the disputes in the region could be settled in a cooperative or non-cooperative way. Finally, it provides an insight on how imminent is a possible conflict in the region and how to approach China-US relations in the South China Sea.

## **2.2. Research Design**

The actual research starts with a brief introduction, a problem statement, and several sub-questions. This chapter attempts to familiarize readers with the current study and its intentions. It continues with the methodological considerations which include various aspects such as the the type of approach and position of the researcher regarding this study, the manner in which data are selected, analysed and processed, the limitations of the research, the research design, as well as an understanding of Game Theory method.

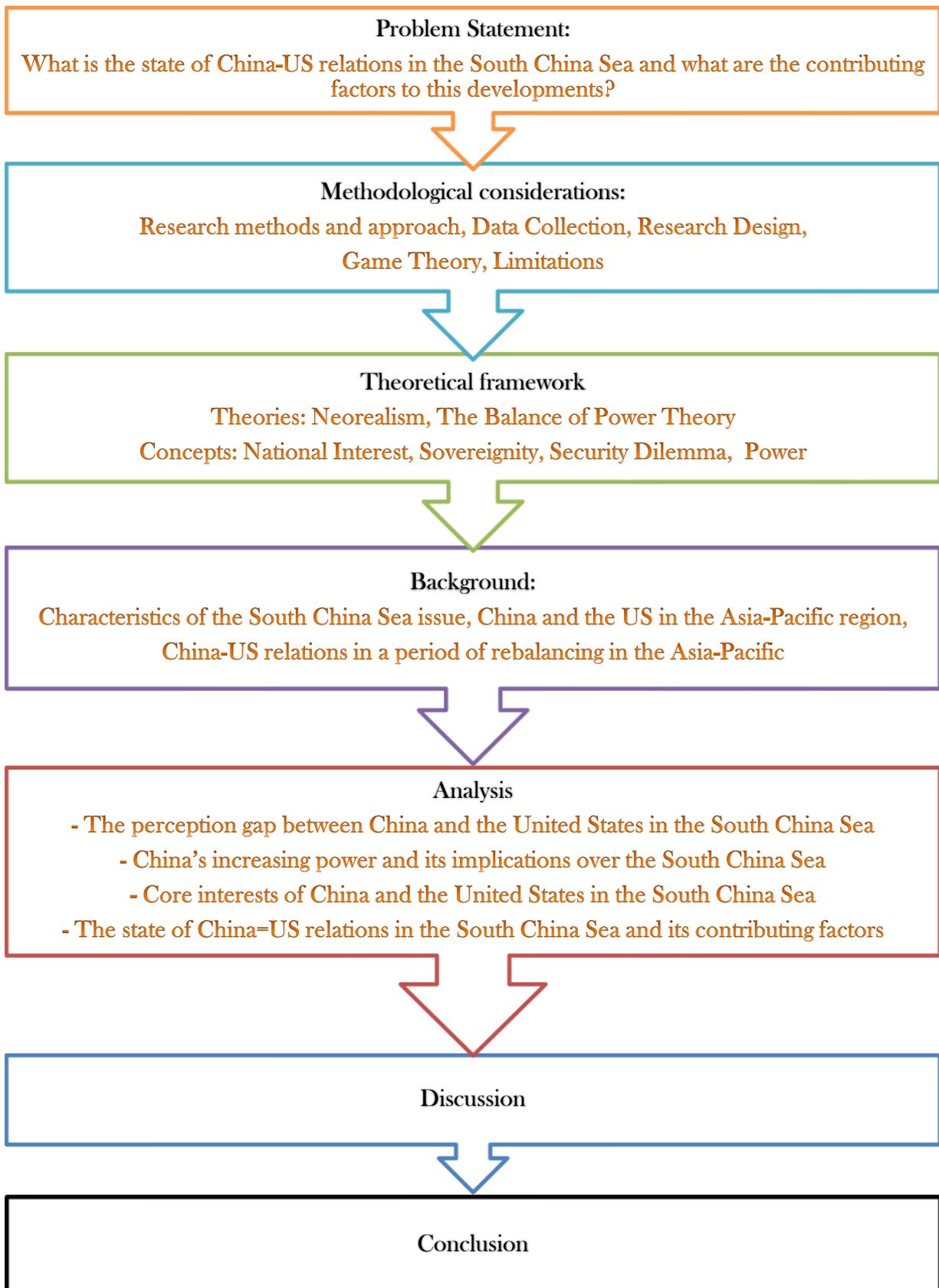
The next chapter aims to provide the theoretical framework and the concepts which will be tested during the analysis. In this section, it was included two theories, neorealism and the balance of power theory, as well as several concepts like security dilemma, national interest, sovereignty and power. It will be provided also an understanding on how they will operate during the analysis and for what kind of purposes.

Further, a background section found its utility by providing a broad understanding over the particularities accompanying this research, as well as useful information for the next chapter, which will be the analysis. As such, the background chapter will entail aspects like the South China Sea particularities involving the geostrategic and economic implications, a

historical background of the South China Sea issues, China and the US roles and interests in the Asia-Pacific region, as well as an overview regarding China-US bilateral relations.

In continuation, the objective of the analysis is to provide ample answers to the questions proposed in this study. The analysis is divided in four sections. The first three sections provide answers to three of the sub-questions, and make possible the answering to our research question, which will be discussed in the fourth section. As such, the first section is concentrating its attention on the perception gap and the level of mistrust between China and the US in the South China Sea. The second section will take into account the implications of China's increasing power and assertiveness in the South China Sea, while the third section will focus on China and the US core interests in the South China Sea. The last section will provide the answer to our problem statement and will analyse the state of China-US relations in the South China Sea, as well as their contributing factors.

Coming to the characteristics of the results, it will be able to reach our final chapters, discussion and conclusion. In the Discussion section, an evaluation regarding the findings of our analysis will take place. Different future prospects over China-US engagements and relations in the South China Sea will be analysed by using Game Theory. It will be mentioned also the implications of rising nationalism in China and how this could influence the attitude of China in the South China Sea. And this will make possible the answering to our fourth sub-question. The conclusion chapter, as the name suggests, will include the concluding remarks over the findings of the current study.



**Figure 3: Research Design**

Source: Authors

### **2.3. Limitations**

The study limitations include several and different aspects. Firstly, the focus of the current study will be on a particular region, the South China Sea, basically involving two major players, seen as having the greatest ability to influence and outline the future developments in the aforementioned region. It is not an all-encompassing study because it ignores other actors with varied interests and influences in the region. They will be mentioned just in regard to their influence on the actions or strategies of the two major actors chosen, China and the United States. Also, this inquiry it is not comprehensive regarding the relations between the two countries because there are several other significant aspects already existent between them.

Secondly, game theory presumes that actors are always rational. However, international politics is a place where rationality not always prevail regarding decisions or actions adopted by states. Moreover, our understanding over game theory implies that both countries are perfectly aware of their strategies and outcomes. I also assume that there is no cooperation possible at this stage between the United States and China in the South China Sea, and I only provide two possible strategies for both of them, one characterized by being aggressive and the other by being passive. The Sequential Game is also chosen which implies that both countries are not acting simultaneously, and they react according to the other's actions. I also provided values for the outcomes based on our analysis and according to our subjective understanding over the situation in the South China Sea. Thus, it can be assumed that I have put hypothetical rewards in hypothetical scenarios, and game theory could be seen as a hypothetico-deductive-method.

Thirdly, the current study will mention in different situations terms such as jurisdiction, historical rights and historical fiction. However, I do not seek to analyse, to go in depth or to assume a position regarding China's historical rights in the South Chian Sea. Also, this inquiry will not take any position regarding the jurisdiction of UNCLOS over the South China Sea, which China is contesting. This type of work should rather be assessed by law students rather than international relations ones. As a result, it is not the aim of the current research to take any position on whether the Permanent Court of Arbitration has jurisdiction or not over the disputes between China and its neighbors in the South China Sea. The aim of this findings, statements, and even the legal framework provided is to highlight the strife and friction that exists regarding the settlement of disputes in the South China Sea and how China and the United States perceptions differ in this regard.

Finally, the use of liberalism was excluded from the current research given the current developments in the region. The South China Sea along with its disputes have a number of mechanisms that could defuse the situation. However, some actors if not to deny or reject, they choose to participate to this mechanisms only to show that they are willing to have an open-dialogue rather than to make any concessions. The use of liberalism would be necessary in a study that involves cooperation, but this is not the aim of the current research.

### 3. Theoretical section

According to many scholars, realism seems to provide a better understanding of what is happening in the South China Sea nowadays and as a result, realism, more exactly neorealism will also provide the basis for the theoretical framework of the current research.

Starting from the point that our objectives are involving aspects like national and strategic interests, China-US relations, insights on power projection and power politics, or the perception gap regarding the sovereignty and jurisdiction in the South China Sea, reinforce the point of view that neorealism is the proper theory for this study.

A linkage between realism and game theory will be also a characteristic of this research with game theory used as an analytical tool to understand strategies adopted and proposed by both China and the United States. Moreover, game theory shows its utility not just in approaching the strategies and policies adopted by both countries but it also provides a better understanding of the outcomes earned by using them.

A brief distinction between classical realism and neorealism will be provided in order to underlie the reasons behind the selection of neorealism for the current study. Thus, neorealism ensure the base of the theoretical framework even if the origins of some concepts described and their definitions will be assured by classical realism but with the mention that they will be analyzed based on neorealist understandings. In the current chapter, two theories, namely neorealism and balance of power theory, as well as four concepts related to realism such as national interest, power, sovereignty and the security dilemma, will be discussed. The introduction to these theories and concepts will be followed by explanations regarding their importance and role for the current analysis.

#### 3.1. Realism, Neorealism and Defensive Realism

In international relations there are several theoretical perspectives, and realism has its own point of view over international politics. Back to the 20th century, among the precursors of what is nowadays one of the dominant schools of thought in international relations theories were: E.H. Carr, John Herz, Hans Morgenthau, Reinhold Niebuhr, George F. Kennan and others. Hans Morgenthau made significant contributions to the development of realism in international politics when he published in 1948 his landmark book, „*Politics Among Nations: The Struggle for Power and Peace*” (Badie, Berg-Schlosser, & Morlino, 2011, p. 2218). Morgenthau’s main ideas regarding international politics could be understood by appealing to the six principles of political realism which he exposes in the aforementioned book.

First of all, as a realist, Hans Morgenthau understands the nature of politics by appealing to a rational point of view and by stating that: *"Political realism believes that politics, like society in general, is governed by objective laws that have their roots in human nature"* (Morgenthau H. J., 1978, p. 4) Morgenthau is a representative of classical realism and for this branch of realism, the international politics is seen through the lens of human nature that underlies international world order. Human beings are driven by their own ego and interests, and as a result conflicts arise among them because of this intrinsic feature. The characteristics of human nature overcome morality in political realism and in such a world characterized by the existence of multiple opposing interests: *"moral principles can never be fully realized"* (Morgenthau H. J., 1978, p. 3). In this regard, realism successfully highlights the competitive and ominous side of international politics, by trying to find a rational picture of politics and not an utopian one. However, Morgenthau's criticism did not fail to appear and many scholars point out that the theory proposed by him is unscientific. There are some aspects proposed by Morgenthau that are difficult to be tested such as the the unchanging nature of human beings (Wasserman, 1959, p. 67; Algosaiibi, 1965, p. 237).

In the light of all of the weaknesses and criticism of Morgenthau's theory, Kenneth Waltz set out an alternative. In his landmark book, *"Theory of International Politics"*, Waltz clearly made a distinction between what he called reductionist theories, and proposed a systemic theory that now became dominant within realism (Waltz, 1979, pg. 60-78). His new approach to international politics has the name of neorealism or structural realism.

Waltz was aware that: *"It is not possible to understand world politics simply by looking inside of states"* (Waltz, 1979, p. 65). His overview of the international politics is more complex and includes both the sub-national and supra-national levels. Reductionist theory take into account the behaviour of units but without looking insight to the effects that the system may have. International politics is a dynamic place where significant changes occur and where nations change their form and purposes (Waltz, 1979, pg. 67-68). Regarding the systemic theory, his explanations include the fact that: *"A system theory shows why changes at the unit level produce less change of outcomes than one would expect in the absence of systemic constraints"* (Waltz, 1979, p. 69). Waltz changes the focal point in realism from human nature to the dynamic structure of the international politics or in other words from units-level to systems-level.

A systemic theory deals with the actors that are present at the international level and for Waltz, the actions of actors within the structure are affected by the system's structure. Structure can have effects over the behaviour of units but not in a direct way (Waltz, 1979, p.

74). For Waltz, in order to find out how actors interact in international politics, it is also necessary to look to the system within they interact. The effects or outcomes may be seen if we look through the consequences of cooperation or competition of the aforementioned actors within the system. For John J. Mearsheimer, the major distinction between classical realism and structural realism is represented by the different answers to the following question: why do states are looking for power? (Dunne, Kurki, & Smith, 2007, p. 72). While for classical realists the answer is the human nature because every human being is born with a desire for power, structural realists are more skeptical about the influence of human nature in this regard. Instead, structural realists believe that states are seeking for power because of: *"the structure or architecture of international system that forces states to pursue power"* (Dunne, Kurki, & Smith, 2007). In a system characterized by the absence of a higher authority above states, there is no guarantee that states will not attack one another. As a result, power becomes an useful instrument for states to protect themselves.

Furthermore, Waltz is considered the founder of defensive realism which nowadays within neorealism represents one of the main ramification and direction of neorealism. The other one postulated by John Mearsheimer in his book, *"The Tragedy of Great Power Politics"*, is called offensive realism. Here it takes place the second distinction, this time within neorealism. How much power will be sufficient for states? For defensive realists like Waltz, attempts to the maximization of power is a dangerous step because of the nature of the international system. If a state is getting too powerful, others will try to prevent and punish it (Dunne, Kurki, & Smith, 2007). On the other hand, offensive realists like Mearsheimer think otherwise: *"it makes good strategic sense for states to gain as much power as possible and, if the circumstances are right, to pursue hegemony"* (Dunne, Kurki, & Smith, 2007). The reason behind this strategy is not represented by the fact that territorial conquest or domination over the world is good a priori, but because as having tremendous power it is much easier to secure state survival or interests.

In the current research, the situation in the South China Sea will be understood by taking into consideration the characteristics of neorealism. The conflicts existent within the region have the main reason in the structure of the international system. In order to understand the Chinese and US stances in the South China Sea, I will appeal to defensive realism principles. According to defensive realism, it is normal for states to seek more power in order to maintain their survival. China is no exception and will seek opportunities to shift the balance of power in its favour (Dunne, Kurki, & Smith, 2007, p. 84). On the other hand, the United States and other states in the region will try to check together China's ascension.

According to defensive realism, in the system's structure there are strong incentives to discourage China to become a regional hegemon because their rivals will try to form an alliance to deter and ultimately destroy China (Dunne, Kurki, & Smith, 2007). Defensive realism does not exclude China's desire to become more powerful in the region but its assumption is that it will have limited objectives and will resort to reduced actions just because of the consequences that may arise if you become too aggressive or audacious within the region. The United States will not allow a Chinese domination over the South China Sea, a China that could compete with it, a China that could threaten its allies or a China powerful enough to question its position and interests in the Asia-Pacific. In this regard, the likelihood for the United States to take preventive actions just to thwart China's ambitions will increase. Finally, all these potential consequences could make China more cautious regarding its aspirations in the South China Sea. All of these assumptions provided will be demonstrated during the analysis.

### **3.1.1. National Interest**

*„The concept of the national interest is similar in two respects to the 'great generalities' of the Constitution, such as the general welfare and due process. It contains a residual meaning which is inherent in the concept itself, but beyond these minimum requirements its content can run the whole gamut of meanings which are logically compatible with it. That content is determined by the political traditions and the total cultural context within which a nation formulates its foreign policy. The concept of the national interest, then, contains two elements, one that is logically required and in that sense necessary, and one that is variable and determined by circumstances” (Morgenthau H. J., 1952, p. 972).*

In realism, nations cannot rely on the good intentions of statesmen in international politics. States are looking to pursue their own interest in international arena and foreign policies of a particular state differ historically. Each period has its specific political and cultural characteristics. Moreover, as Morgenthau stated above, a nation's interest is dynamic, formed by two elements, one that is logical and more obvious, and the other that is dynamic and influenced by several factors which requires more attention and analysis. According to neorealism, the first element of the national interest could be represented by the state's survival and security while the second one is influenced by the system's structure of international politics.

Within the system, the behaviour of states, perceived as the principal actors in the international politics, is conducted by their own national interests, a place where ethical norms

are not often prevailing. For instance, Morgenthau did not exclude the morality completely, but for him prudence is mandatory and prevails over morality in international arena (Morgenthau H. J., 1978, pg. 10-11). The realists idea is that our world is anarchic and characterized by no justice due to the lack of the existence of a government over the nations (Dunne & Schmidt, 2011, p. 87). In this sense, the political arena is governed by its own laws. States are primarily seeking power, security and survival above all. An anarchid world is a self-help system in which each country has to defend their own interests. The most significant instrument to defend or to pursue your own interests is perceived in obtaining power. According to Jepson (2012), the state of anarchy make the most powerful nations to break international law in order to secure their own interests. In addition: *"national interests are often hidden in the rhetoric of self defence"* (Jepson, 2012).

To summarize, according to neorealism, the international system is primarily shaping national interests and states actions. To defend or to achieve your own national interests requires to increase and use the power that you have. Depending on your own power capabilities, it will be much easier or much harder to follow your interests. Nations are using their power to pursue their national interests or to avoid an aversive event to the national interests.

In the current research, China will be perceived as having both national and strategic interests in the South China Sea. The role of the Chinese nationalism will be also evaluated regarding the influence that may have over the national interest. On the other hand, the United States will be perceived as having mainly strategic and security interests in the South China Sea, and a national one regarding the freedom of navigation. The previous assumptions will be demonstrated during the analysis.

### **3.1.2. Sovereignty**

When Morgenthau discussed about sovereignty, he found logical that a nation that is to exert sovereignty within a territory has to be independent in the first place. At the base of sovereignty is the occurrence of a: *"centralized power that exercised its lawmaking and law-enforcing authority within a certain territory"* (Morgenthau H. J., 1978, p. 315). However, nowadays the concept of sovereignty placed these political facts characteristic to medieval age into a more complicated legal framework which implies morality and legality. Even if each country has the freedom to manage their domestic and external affairs, there exists some exceptions: *"in so far as it is not limited by treaty (...) or necessary international law"* (Morgenthau H. J., 1978, p. 318). Morgenthau made important remarks in this regard. As a

sovereign country, no other nation or international law could apply or enforce their own laws to operate on your territory: *"International law is a law among co-ordinated, not subordinated entities. Nations are subordinated to international law, but not to each other(...)"* (Morgenthau H. J., 1978). For instance, the Article 2 of the Charter of the United Nations stipulates the principle of equality of its members. However, from a realist point of view, international law is a decentralized legal order because it applies only to countries that have expressed their consent to them and the fact that some of the rules are equivocal make the nations in question to have a great freedom of action when it must comply with international law (Morgenthau H. J., 1978, p. 316).

Morgenthau provided also an understanding of what sovereignty is not:

*"1. Sovereignty is not freedom from legal restraint (...) 2. Sovereignty is not freedom from regulation by international law of all those matters which are traditionally left to the discretion of the individual nations or (...) are within the domestic jurisdiction of the individual nations (...) 3. Sovereignty is not equality of rights and obligations under international law (...) 4. Sovereignty is not actual independence in political, military, economic, or technological matters (...)"* (Morgenthau H. J., 1978, pg. 319-321).

During the current research, it will be analysed what underlies China's sovereignty in the South China Sea. At the same time, the US perception regarding the status of the South China Sea and its position regarding the Chinese territorial claims will be also discussed.

### **3.1.3. Security Dilemma**

According to realism, the characteristics of anarchy urges states to make from survival a top priority. In order to survive in this anarchic system, you need to increase your security which leads to the acquisition and the increasing of military capabilities as much as possible. As a result of its actions, in the region arouses suspicion regarding its actions and panic and distrust among neighbours will be installed. In turn, the first answer from its neighbours will be also the increasing of their power in reference to your actions in order to secure and protect themselves. To pursue your interest, improving your security is a prerequisite. Such a situation of arms race and increasing power competition it is hard to be stopped and it is likely to continue unless some of them are changing their strategies. This is what realists called security dilemma. The scholar who coined this terms was John Herz in 1951 in his book *"Political Realism and Political Idealism"*.

John Herz viewed as the cause of the security dilemma the fact that groups or individuals who are living in an anarchic system are: *"concerned about their security from*

*being attacked, subjected, dominated, or annihilated by other groups and individuals*” (Herz, 1950, p. 157). Striving to seize power for your own security and for deterring such an attack make the others more insecure. His assumption is that: *”Since none can ever feel entirely secure in such a world of competing units, power competition ensues, and the vicious circle of security and power accumulation is on”* (Herz, 1950). As a classical realist, his attention is concentrated also on the units and characteristics of human nature: *”The struggle for security, then, is merely raised from the individual or lower-group level to higher-group level”* (Herz, 1950, pg. 157-158).

According to neorealism, the security dilemma is caused not by the willingness of states but by situations created by the system’s structure (Waltz, 1979, p. 187). Waltz considered that: *”A security dilemma cannot be solved; it can more or less readily be dealt with”* (Waltz, 1979). In this regard, in our analysis it will be highlighted how the increasing power and assertiveness of China generated a security dilemma and a power gap among its neighbours in the South China Sea.

### **3.2. Power and the Balance of Power Theory**

The balance of power theory has its origins within realism and Waltz transformed it in a theory of international relations. In terms of power, classical realists believe that: *”power is an end in itself”*, (Dunne, Kurki, & Smith, 2007, p. 72) while for structural realists: *”power is a means to an end and the ultimate end is survival”* (Dunne, Kurki, & Smith, 2007). This is basically the main distinction in terms of conceptualizing power in realism.

As it was mentioned, Morgenthau considered that the power is the dominant element when it comes to discuss politics and the first perceived threat of states. It is in the human nature the incentive to dominate and so it is for states, what he calls: *”animus dominandi”* (Korab-Karpowicz, 2013). Morgenthau’s vision of power includes material and political components such as territory, industrial capacity, military capabilities, national resources, moral, and the quality of diplomacy and government (Badie, Berg-Schlosser, & Morlino, 2011, p. 2219). This incentive of acquiring power by several states, with some trying to maintain the status-quo and with others trying to change the configuration of international politics is the reason of what realists called balance of power (Morgenthau H. J., 1978, p. 173).

In *”Theory of International Politics”*, Waltz created a balance of power theory. Such a theory could better explain the relations between competitive states. States are inclined to fear when nations are increasing their own power because this becomes a threat to their security and survival as a nation. The reason of increasing power is, at a minimal, to provide security,

and, at a maximum, to pursue universal domination. As a result, this fear will create an impetus to power increase in order to balance the situation. These types of events create balance of power (Waltz, 1979, p. 118). A more thoroughly definition is provided by Dunne and Schmidt (2011): *"If the survival of a state or a number of weaker states is threatened by a hegemonic state or coalition of stronger states, they should join forces, establish a formal alliance, and seek to preserve their own independence by checking the power of the opposing side"* (Dunne & Schmidt, 2011, p. 88). Furthermore, Waltz explains that states could achieve their goals through internal efforts by increasing economic and military capabilities or by external efforts by creating alliances (Waltz, 1979, p. 118). In this regard, China relies more on their domestic efforts while the United States could rely on both internal and external efforts.

The alliance system formed by the United States globally could be a significant reason along many others for the US to step up in the South China Sea on the premise that the Phillipines and Japan are its treaty allies, both affected by China's increasing power. The alliance system could be also an instrument for preventing China to become more aggressive. For the current research, the alliance system will be also evaluated from another point of view, as a method for weak countries in the the South China Sea to discourage China for pursuing its agenda and interests. On the other hand, the US will be perceived as a power which was tacitly invited by weaker states in the region to counterbalance China, but no less also to defend and achieve its own interests.

## 4. Background section

The current chapter is necessary in providing a better understanding of the chapter that follows, namely, the analysis. It will be divided into several subchapters as it follows: the characteristics of the South China Sea issue, China and the US in the Asia-Pacific region and a general overview of the characteristics of China-US relations.

### 4.1. The South China Sea and its characteristics

#### 4.1.1. *Geostrategic and economic implications*

The South China Sea is a semi-enclosed stretch of water situated between the Indian and Pacific Oceans (Truong & Knio, 2016, p. 1). The South China Sea is composed of numerous islands, islets, shoals, atolls, cays, reefs and rocks (Gao & Jia, 2013, p. 99). The islands are grouped into three archipelagos: the Pratas Islands, the Paracel Islands and the Spratly Islands. In addition to these archipelagos, there are also other two elements in its component: the Macclesfield Bank and the Scarborough Shoal (Gao & Jia, 2013).

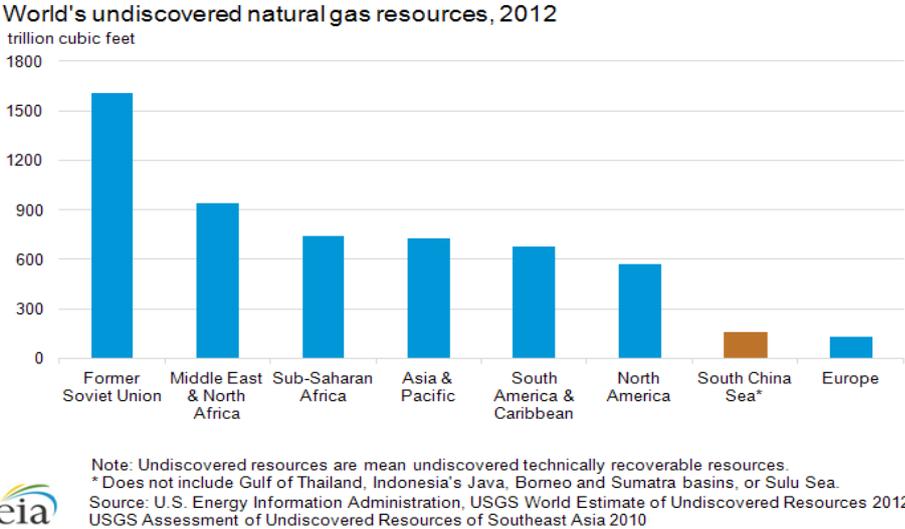


Figure 4: Islands and seamounts in the South China Sea

Source: Dhaka Tribune, 2016

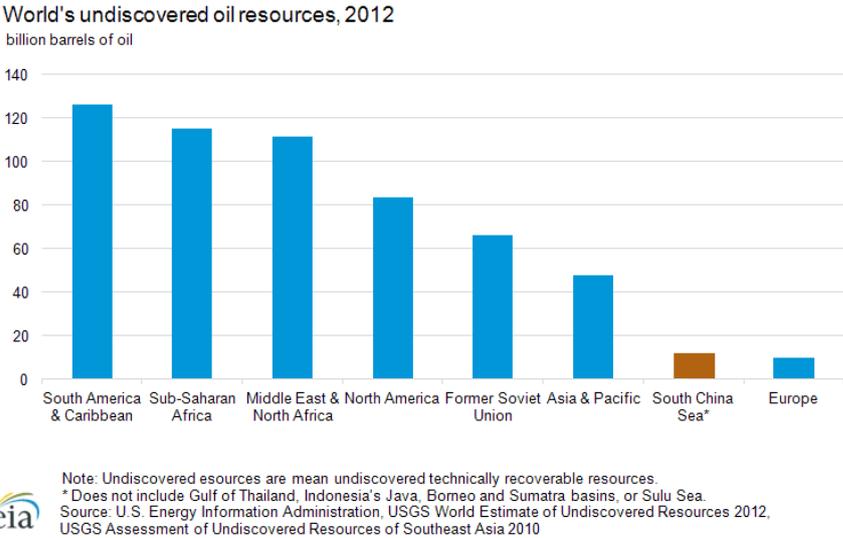
Due to its geographical position, the South China Sea is highly important for the maritime trade coming from Middle East and Africa to East Asian and Southeast Asian countries. The South China Sea was a peaceful sea since ancient times, and a source of fertile fishing ground for littoral states (Gao & Jia, 2013, p. 98; Truong & Knio, 2016, p. 1). However,

in recent period, the South China Sea became an area of dispute regarding the control over marine and mineral resources, especially oil and natural gas (see Figure 5 & 6). Truong and Knio (2016) stated that: *“Though hydrocarbons and liquid natural gas (LNG) discovered since the 1970s have contributed to economic growth in East and Southeast Asia, maritime tension can put a block on such development”* (Truong & Knio, 2016, p. 2). In addition, the South China Sea has a great economic value due to the importance that the region plays for global trade routes being the most important waterway of our time (Fels & Vu, 2016, p. 4; Kaplan, 2011). In this regard, the South China Sea is essential for the growth and future development of the region.



**Figure 5: World's Undiscovered Natural Gas Resources**

Source: U.S. Energy Information Administration, 2013



**Figure 6: World's Undiscovered Oil Resources**

Source: U.S. Energy Information Administration, 2013

Furthermore: "more than half the world's annual merchant fleet tonnage (...) and a third of all maritime traffic" passes through the South China Sea (Kaplan, 2011). At the same time, two-thirds of the South Korea's energy supplies, 60% of Japan's and Taiwan's energy supplies, and about 80% of China's crude-oil imports is provided through the South China Sea (Kaplan, 2011). As a result, the South China Sea plays a major role in providing most of the energy for countries in East and Southeast Asia (see Figure 7 & 8).

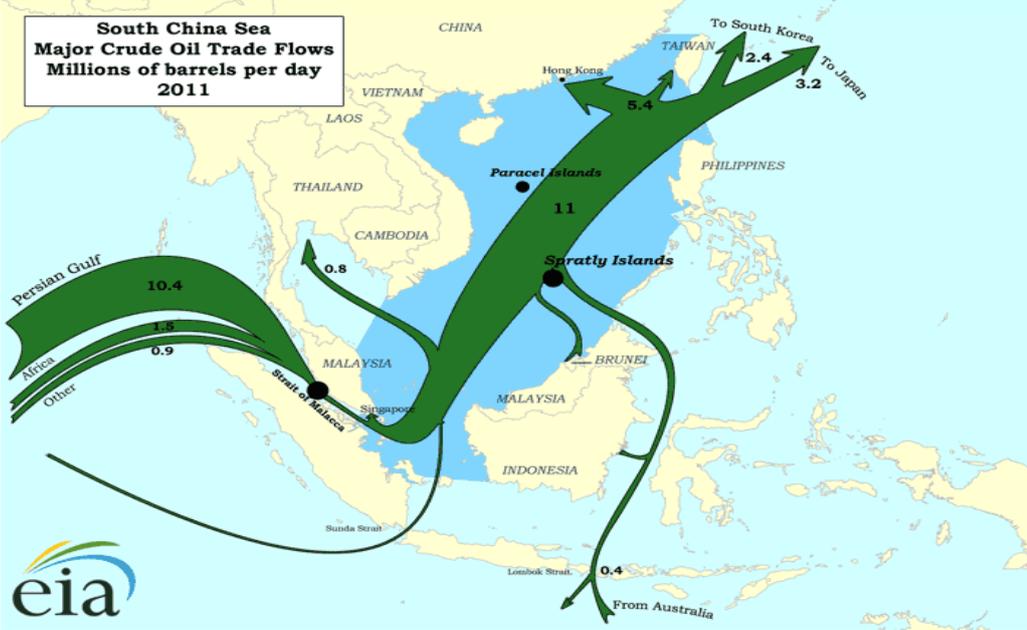


Figure 7: South China Sea Major Crude Oil Trade Flows

Source: U.S. Energy Information Administration, 2013

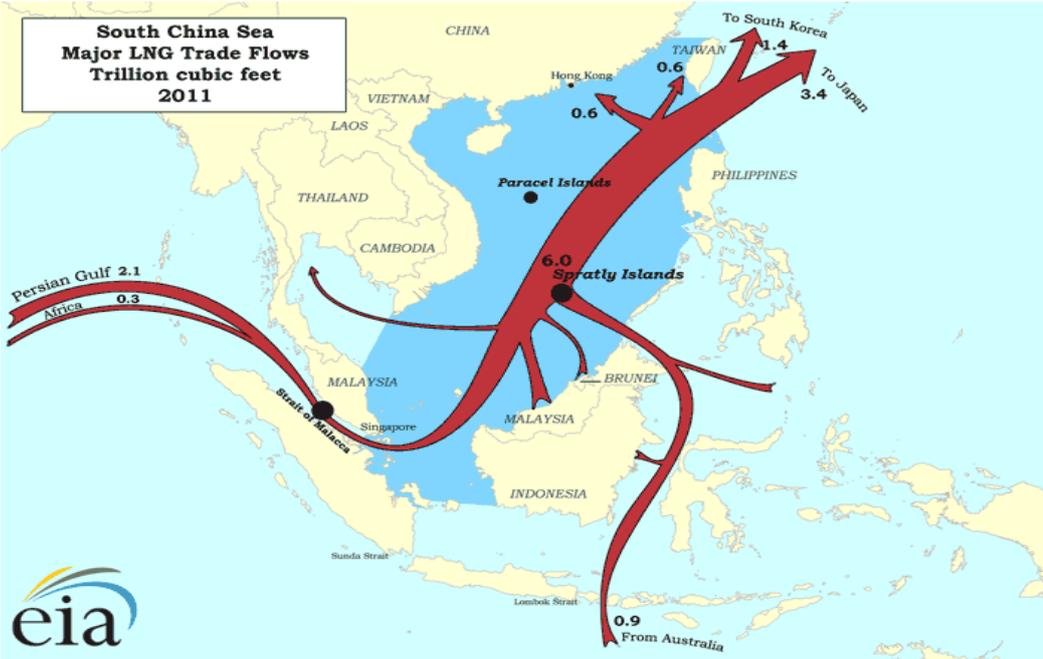
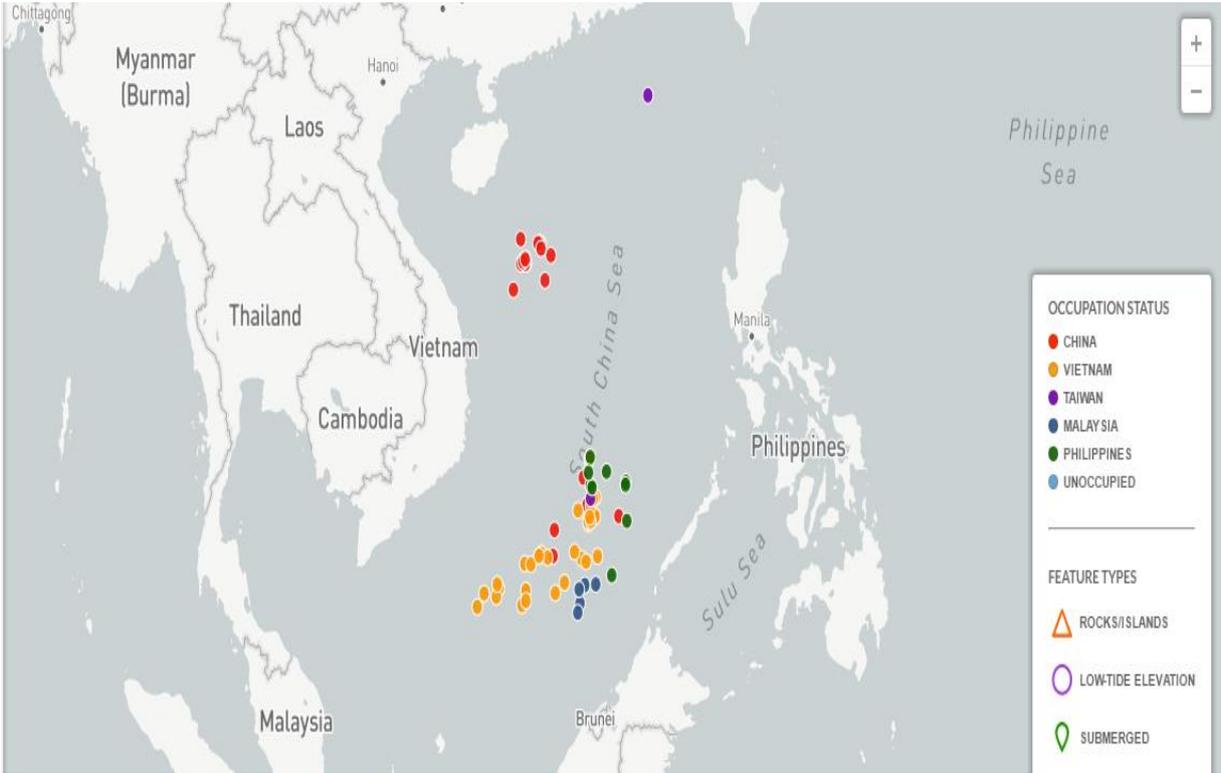


Figure 8: South China Sea Major LNG Trade Flows

Source: U.S. Energy Information Administration, 2013

But it is not only the location and reserves that make the South China Sea geostrategically and economically important. There exists also territorial disputes between several parties. The parties involved in these disputes are: China, Vietnam, the Philippines, Malaysia, Brunei and Taiwan. According to the occupation status provided by Asia Maritime Transparency Initiative, in the South China Sea there are five countries that occupied islands, reefs or rocks. Brunei, which is a claimant state in the South China Sea has not occupied any rocks or islands in the South China Sea. Vietnam is the country that occupied the most islands in the South China Sea, being followed by China and the Philippines, while Malaysia occupied just a few. While the Parcel Islands and the Patras Islands have only one occupying party, China, respectively Taiwan, in the Spratly Islands situation is more complicated and open to conflict (see Figure 9). In the Spratly Islands, no less than five parties are disputing sovereignty over the islands. Moreover, the huge number of unoccupied islands and rocks represents an opportunity for all the claimant states to conquer, and with a high risk to be engaged in conflict with others while undertaking such actions.



**Figure 9: Occupation status by country in the South China Sea**

Source: Asia Maritime Transparency Index

#### **4.1.2. Historical background (1946-2011)**

In 1946, according to the Cairo and Potsdam Declaration, the Republic of China recovered the Paracel and Spratly Islands from Japan. In 1947, the Chinese government draws an eleven-dash line to indicate its geographical sovereignty over the South China Sea. In 1953: *"two dashes were removed from the eleven-dash line, leaving nine segments, and in that same year the new line made its first appearance in atlases produced on the mainland of China"* (Gao & Jia, 2013, p. 103).

In 1958, China promulgated its *Declaration on the Territorial Sea*, which provided the base for its maritime order. Article 1 emphasized that:

*"The breadth of the territorial sea of the People's Republic of China shall be twelve nautical miles. This provision applies to all territories of the People's Republic of China, including the Chinese mainland and its coastal islands (...) and all other islands belonging to China which are separated from the mainland and its coastal islands by the high seas"*

(U.S. Department of State, 1978, p. 2).

Moreover, in order to anticipate the ratification of the UNCLOS, that took place in 1996, China promulgated the *Law on the Territorial Sea and the Contiguous Zone* on February 25, 1992. Article 2 stated that: *"The PRC's territorial land includes the mainland and its offshore islands, Taiwan and the various affiliated islands including Diaoyu Island, Penghu Islands, Dongsha Islands, Xisha Islands, Nansha Islands"* (UN Oceans & Law of the Sea, 1992, p. 1). China wanted to be sure that its sovereignty and rights over the South China Sea will not be affected when it will become a member of the UNCLOS. Thus, in 1998, China promulgated its *Law on the Exclusive Economic Zone and the Continental Shelf*, which in the Article 14 made it clear that the entry into force of this act cannot prejudice the so-called historic rights of China (UN Oceans & Law of the Sea, 1998, p. 3).

It is believed that tensions have erupted in the South China Sea in the late 1960s following the discovery of potential resources of oil and natural gas. Situation has changed drastically in the early 1970s. In 1971, the Philippines declared the occupation of the Kalayaan islands, situated in the Spratly archipelago. Another major incident occurred in 1974 when after a short and minor battle, China took back the Paracel Islands from the Republic of Vietnam. However, many other islands from the Spratly archipelago were included into the Vietnamese territory. In fact, Vietnam was more assertive during this period and by 2004, they manage to occupy no less than 29 islands (Gao & Jia, 2013, p. 105). According to neorealism, it can be assumed that China's actions against Vietnam occurred due to the Vietnam's activities within the system structure. On December 25, 2000, China and Vietnam

concluded the maritime delimitation in the Gulf Tonkin which established the first maritime boundary between them, as well as the first maritime agreement of this kind for China (Gao & Jia, 2013, pg. 105-106). In May 2009, in response to the joint submission by Malaysia and Vietnam to the Commission on the Limits of the Continental Shelf, China communicated in two notes verbales that: *“China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof”* (UN Oceans & Law of the Sea, 2009, p. 1). On May 8th, in its own note verbale, Vietnam stated that: *“China’s claim over the islands and adjacent waters in the Eastern Sea (South China Sea) as manifested in the map attached with the Notes Verbale CML/17/2009 and CLM/18/2009 has no legal, historical or factual basis, therefore is null and void”* (UN Oceans & Law of the Sea, 2009, p. 1).



**Figure 10: China’s nine-dash line from 2009**

Source: UN Oceans & Law of the Sea, 2009, p. 2

Malaysia and Indonesia entered the debate some days after. They both asked that parties involved in the South China Sea disputes must respect the provisions of UNCLOS 1982. Indonesia made it clear that is not a claimant state in this disputes over the sovereignty, but they were worried about the map attached by China. The map contested the entitlement of Indonesia over some very small islets in the South China Sea. Indonesia ended by saying that the map attached: *"clearly lacks international legal basis and is tantamount to upset the UNCLOS 1982"* (Gao & Jia, 2013, p. 107). On April 5, 2011, in a note verbale the Phillipines stated in reference to the Chinse map that: *"the Kalayaan Group (KIG) constitutes an integral part of the Phillipines"* (Gao & Jia, 2013, pg. 107-108). They contested the map attached by China stressing that has no basis under international law.

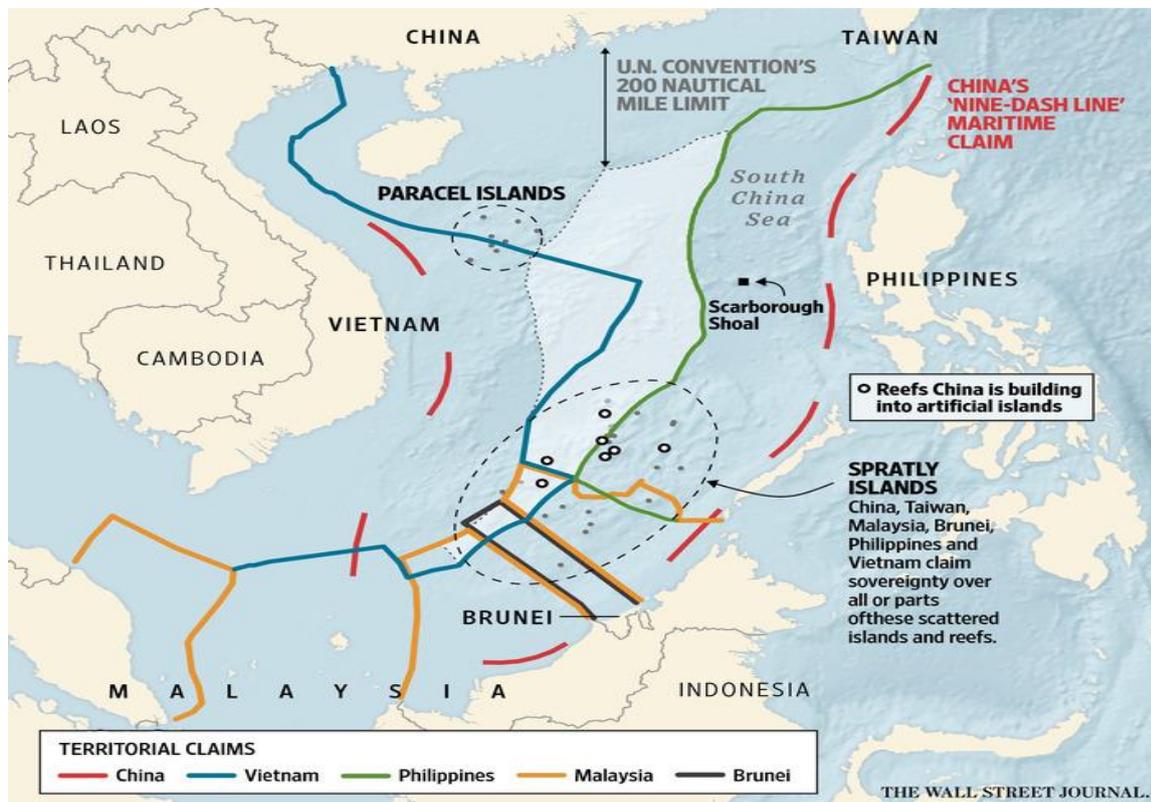


Figure 11: Territorial Claims in the South China Sea

Source: Moss, 2016

## 4.2. China and the US in the Asia-Pacific region

### 4.2.1. US in the Asia-Pacific region

In recent years, the US foreign policy was found in a dilemma between imposition and coexistence worldwide. Kissinger was the one who prioritized coexistence: *"Coexistence means that states pursue their national interests as long as they do not jeopardize international stability"* (Odgaard, 2007, pg. 24-25). However, the United States alternates the

ways of solving conflicts, or pursuing and defending its interests from the imposition by force, to strategies that imply the intervention of international institutions. When international organizations are unable to exercise their duties, the United States choosed policies and strategies on their own.

A good example was the invasion of Iraq in 2003. At that time, the United States found out how difficult is to reach a consensus within NATO (PBS, 2003; US Department of State, 2003). Instead, they created what is known nowadays as the coalition of the willing, in which every country that supported the US was more than welcome to join them (Beehner, 2007). The lesson learnt from the Iraq episode was that the United States in some cases, will try to reach a consensus and have a NATO or UN mandate for their actions. However, when this process will take too long and they would not reach a consensus, the US will create a coalition of the willing in which all the US allies may join them. More recently, the US launched 59 missile strikes on a Syrian airbase over the allegedly Syrian government use of chemical weapons against civilians. It was again an unilateral decision, and the President Donald Trump stated: *"Tonight, I ordered a targeted military strike on the air field in Syria from where the chemical attack was launched"* (Starr & Diamond, Trump launches military strike against Syria, 2017). In this regard, it can be assumed that the US foreign policy is strongly related to the circumstances, and does not always abide by the international law.

Regarding the Asia Pacific region, the US had emerged as a Pacific power since the late of 19th century (Jae-hyung, 2003, p. 248). Since then, the US was involved in three major wars: with Japan in the Pacific War, with North Korea and China in the Korean War, and with North Vietnam in the Vietnam War. Despite these conflicts, the US presence in the Asia-Pacific region provided stability and prosperity in the last years. They also have signed several treaties with countries in the Asia-Pacific region as it follows: the Mutual Security Treaty with Japan, the Mutual Defence Treaty with the Philippines, and the Australia-New Zealand-US (ANZUS) accord (Jae-hyung, 2003, p. 249). Similar US agreements expanded further to Republic of Korea (South Korea) in 1953, Thailand in 1962, and India in 2016 through the Logistics Exchange Memorandum of Agreement (LEMOA).

The Asia-Pacific region is important for the US due to its economic and security implications. The US Department of Defense ever pointed out three maritime objectives in the region: *"to safeguard the freedom of the seas; deter conflict and coercion; and promote adherence to international law and standards"* (U.S. Department of Defense, 2015, p. 1). Although the United States has no territorial claims in the region, it supports a resolution that must derive from the international law. According to the US Department of Defense:

*"In the East China Sea, we continue to acknowledge Japan's administration of the Senkaku Islands and oppose any unilateral action that seeks to undermine it. In the South China Sea, we urge all parties to pursue peaceful means of resolving their disputes, which includes diplomacy as well as third party dispute settlement, such as the Philippines' submission of its claims for arbitration in accordance with the dispute resolution procedures in the Law of the Sea Convention"* (U.S. Department of Defense, 2015, p. 6).

More important, in 2009, Obama announced the US rebalancing or pivot strategy in the Asia-Pacific region. Some countries within the region saluted the new US strategy while others were situated in opposition to it (Huang, 2016, p. 1). However, the US has its own interests within the region and its strategy is not directed just in supporting countries within the Asia-Pacific region (Huang, 2016, pg. 1-2). To summarize, the US position in the Asia-Pacific implies many aspects, from economic to strategic and security implications, with its position being one strong due to the military capabilities and alliance system that it has on its disposal.

#### **4.2.2. China in the Asia-Pacific region**

After more than 30 years of open door policy and reforms, China has moved from the status of marginal actor to a key actor worldwide. In order to counter the negative aspects regarding its development and aspirations, China embraced a peaceful rise and the win-win strategy in economic relations (Wang & Zheng, 2013, p. 393). The term harmonious world, which China seeks to promote worldwide, officially occurred at the United Nations Summit in New York, stated by the former Chinese president Hu Jintao in September 2005. At that point, he ended the speech by saying that: *"Our common goals have put us all in the same boat, and the common challenges we face require that we get united. Let us join hands and work together to build a harmonious world with lasting peace and common prosperity"* (United Nations, 2005, p. 10). However, there is a sense of anxiety about China's growing influence and the potential of becoming more assertive or even aggressive in defending and pursuing its national interests (Wang & Zheng, 2013, p. 394).

In *"China's Policies on Asia-Pacific Security Cooperation"* published in January 2017 by the Ministry of Foreign Affairs of the PRC, it is recognized the destabilizing factors in the region such as: *"The nuclear issue on the Korean Peninsula is complex and sensitive; the reconciliation process in Afghanistan remains slow; and disputes over territorial sovereignty and maritime rights and interests continue to unfold"* (Ministry of Foreign Affairs of the People's Republic of China, 2017). The answer to this issues was offered in 2014 by the

president Xi Jinping who: *”called for a concept of common, comprehensive, cooperative and sustainable security, and a path of security featuring wide consultation, joint contribution and shared benefits in the Asia-Pacific region”* (Ministry of Foreign Affairs of the People's Republic of China, 2017).

China has the power to change the regional geoeconomic and geopolitical framework in the Asia-Pacific. In terms of economic relations, China has become the number one partner for most of the countries within the Asia-Pacific region, and an engine of growth (see Figure 12). But even if most of the countries are becoming more dependent on China economically, they are still worried about China’s military increasing capabilities and its inflexibility, when it comes to territorial disputes or core interests (Arase, 2016, pg. 49-51).



Figure 12: The China-ASEAN trade flows

Source: Asia Maritime Transparency Index, 2014

The formulation and implementation of a relevant foreign policy is challenging for several reasons: *”The first is the gap between the expectations and anxieties of the international community in response of China’s rise”* (Arase, 2016). There exists a need that China should provide prosperity and growth globally, and contribute more and more to the

international world order, but at the same time there exists concerns about what a rising power like China would mean. At the same time, there is a high pressure on China, as a result of nationalism, that forces it to be more assertive especially in dealing with territorial disputes (Arase, 2016). And decondly, there exists a: *"perceptual divergence between what Beijing seeks to project itself as a peaceful and responsible rising power (...) and how China is viewed by the USA and its neighbors in the region"* (Arase, 2016). In fact, China's policies in the past years made the policymakers and analysts to think that Beijing at some point will challenge the position of the United States in the Asia-Pacific region. As Mearsheimer stated: *"A much more powerful China can also be expected to try to push the United States out of the Asia-Pacific region"* (Mearsheimer, *Can China Rise Peacefully?*, 2014, p. 5).

In the East China Sea, China found itself in a dispute with Japan which has escalated in recent years. In 2013, China announced the establishment of an Air Defense Identification Zone (ADIZ) covering also the disputed Senkaku islands. Tensions has also perpetuated in the South China Sea where China, Vietnam and the Philippines are having long-standing territorial disputes. According to Arase (2016), the president of PRC, Xi Jinping: *"clearly is moving away from a low-profile, passive foreign policy stance toward embracing bolder diplomacy befitting a rising great power"* (Arase, 2016, p. 53).

All of this events are happening at a time when the US, after some years of retraction, came up with a rebalancing strategy over the Asia-Pacific, and the expectations are that the United States will be more involved in the region. It is not questionable that China's rise could influence the geostrategic landscape of the Asia-Pacific, but: *"there is a tendency to substitute and confuse a rising power's growing capabilities with its intentions, willingness and its ability to change the existing international and regional structure of power"* (Arase, 2016, p. 58). China is aware about the challenges to its rise coming from its neighbors and the US, that are strengthening their ties nowadays to counter the perceived China's power projections. For China, one way to counter this negative aspects, following its rise, is to be more clear regarding its policies and strategies.

To summarize, the Asia-Pacific has for China and other countries in the region significant and positive economic implications. However, this positive role played by China in terms of economic relations is shadowed by its national and strategic interests within the region. As a result, in the region exists concerns about China's future intentions and aspirations and the countries began to seek options to counter China's rise. The territorial disputes and the strategic significance of the region attracted the attention of the US, which again step-up the involvement in the Asia-Pacific with a brand new strategy.

#### **4.3. China-US relations in a period of rebalancing in the Asia-Pacific**

By looking at the US-China relations, it can be assumed that they are neither enemies nor friends. Both countries made it clear several times that they want a stable, constructive and cooperative relationship, and repeatedly the US said that their aim is not to contain China. For instance, they declared that their willingness is to help China integrates into the existing international world order (Huang, 2016, p. 69).

In 2009, President Obama declared that:

*"Some in China think that America will try to contain China's ambitions; some in America think that there is something to fear in a rising China. I take a different view. . . I believe in a future where China is a strong, prosperous and successful member of the community of nations; a future when our nations are partners out of necessity, but also out of opportunity"* (Tan & Kemburi, 2014, p. 2).

Some years later, Ministry of Foreign Affairs of the PRC made their own evaluation over the China-US relations including statements like:

*"Since 2015 the overall relationship between China and the United States has remained stable and even made new progress (...) The two countries have maintained communication and coordination in the field of Asia-Pacific affairs (...) and agreed to build a bilateral relationship of positive interaction and inclusive cooperation in the region (...) China is willing to (...) work with the new US administration to follow the principles of no conflict, no confrontation, mutual respect and mutually beneficial cooperation, increase cooperation in bilateral, regional and global affairs, manage and control divergences in a constructive way"* (Ministry of Foreign Affairs of the People's Republic of China, 2017).

However, there exists a significant discrepancy on how they want or see the relationship between them and how the relationship between them actually is. After the announcement of Obama's rebalancing strategy to the Asia-Pacific, disagreements between them became more evident. According to Arase (2016): *"The related changes in the strategic landscape of East Asia and even the whole Asia-Pacific region give prominence to China-US strategic relations"* (Arase, 2016, p. 63).

Equally true is the fact that the Asia-Pacific region is: *"marked by a variety of sharp power asymmetries"* (Ikenberry & Mastanduno, 2003, p. 7), that make the relationship between them even more difficult. Assuming that China is not seeking hegemony, it certainly aspires to be among the most powerful countries worldwide. Furthermore, Mearsheimer (2014) drew attention to the rise of China, stressing that: *"if China continues to grow economically, it will attempt to dominate Asia the way the United States dominates the Western Hemisphere"*

(Mearsheimer, *Can China Rise Peacefully?*, 2014, p. 1). In this regard, the United States will find themselves sooner or later in the position to prevent China from becoming a regional hegemon.

Many analysts highlighted the instability of China-US relations despite of what they are declaring or claiming. Tan and Kemburi (2014) talked about the complexity and fluidity of China-US relations: *"Strategic distrust between the United States and China persists because of differing perceptions and approaches to cooperation"* (Tan & Kemburi, 2014, p. 8). Tensions mainly occurred on matters of territorial disputes or conflicting interests, while at the same time both of them show willingness to cooperate in fields of mutual interests. A conclusion can be drawn that there are elements of rivalry as well as elements of cooperation between them (Jiadong & Xin, 2012, p. 636). However, Tan and Kemburi (2014) seen the competition between China and the US as a controlled one at this stage (Tan & Kemburi, 2014, p. 15).

Yan (2010) argues that: *"the instability of China-US relations since the end of the Cold War is mainly attributable to their fewer mutually favourable interests than unfavourable ones"* (Yan, 2010, p. 291). He also highlights the danger of their policy of pretending to be friends, as well as their unrealistic expectations, which are seen as influencing the fluctuations in China-US relations.

To summarize, in the Asia-Pacific exist disagreements about how stability could be maintained. The China-US relations imply both positive and negative aspects with room for cooperation and competition. At the moment, the US seems to be able to maintain its prominence in the Asia-Pacific region. A more interesting question would be how long. This constant presence of the US in the Asia-Pacific affairs is one of the challenges that China is facing because it does not leave space for China to pursue its own interests and strategies such as becoming a military and naval great power with justified claims over some disputed territories.

## 5. Analysis

In the following chapter, the attention will be directed to analyze the role that the United States and China play in the South China Sea and their own understandings over the region. I will start by highlighting the level of mistrust and the perception gap existent between them over the concept of sovereignty and jurisdiction in the South China Sea. In this regard, I will appeal to the realist understanding over the sovereignty as well as to the UNCLOS principles. The second subchapter emphasizes the impact that China's increasing power and assertiveness has on its neighbors and the United States, and how it created a security dilemma and a balance of power directed against them. In our third subchapter, I will analyse their core interests and I will highlight the similarities as well as their differences in this regard. Finally, all of this three sections will give the opportunity to comprehend the state of China-US relations in the South China Sea.

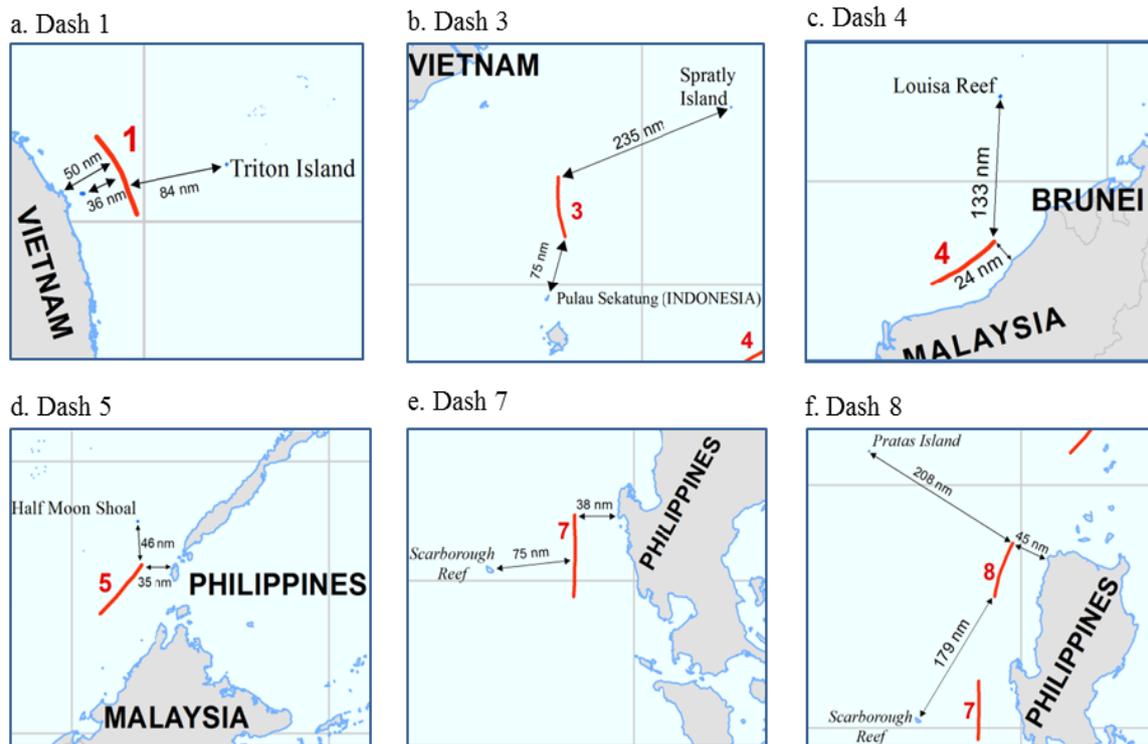
### 5.1. The perception gap between China and the United States in regard to the South China Sea issue

#### 5.1.1. Introduction

The current section will provide an understanding over the perception gap that exists between China and the United in the South China Sea. It will also emphasize how this perception gap already built a level of mistrust between them, which is an obstacle to cooperation between them.

In the past few years, the risk of conflict in the South China Sea was increasing (Glaser, 2012). The contentious territorial and jurisdictional claims between countries within the region created a level of mistrust and anxiety. The South China Sea, a linkage between the Indian and Pacific Ocean, represents a strategic location with several implications for China and the US.

As it was mentioned before, China's so-called indisputable sovereignty has at its base the nine-dash line demarcation line that does not provide geographic coordinates for territorial sea. According to this map, the dashes provided by China are much closer to other states in the region than to the islands in the South China Sea held by China (see Figure 13). In addition, the map from 2009 has even more ambitious claims because the dashes are much closer to the coasts of neighboring countries than the map from 1947 (see Figure 14).



**Figure 13: Distances between dashes and land features**

Source: United States Department of State, 2014, p. 5

At the base of China’s claims stays the historical and legal evidences, as suggested by the Permanent Mission of the PRC in a Note Verbale from April 14, 2011: “China’s sovereignty and related rights and jurisdiction in the South China Sea are supported by abundant historical and legal evidence” (UN Oceans & Law of the Sea, 2011, p. 1). Regarding the relevance and legality of its historical rights, discussions are underway, and opinions are divided, with analysts seeing China’s historical rights as a fiction and historical manufacturing (Malik, 2013), while others are claiming that: “China was the first to discover, name, develop, conduct economic activities on and exercise jurisdiction of the Nansha Islands” (Ministry of Foreign Affairs of the People’s Republic of China, 2000; Gao & Jia, 2013, p. 123), and the fact that the nine-dash line preceded the ratification of UNCLOS by many years, and has a role to play in this disputes (Gao & Jia, 2013, pg. 123-124).

However, the applicable legal framework for assessing maritime claims is the United Nations Convention on the Law of the Sea (UNCLOS), dating back to 1982. Unlike China that ratified the UNCLOS in 1996, the United States is not a part of this international agreement. It is of high relevance to highlight and discuss some provisions of the UNCLOS.

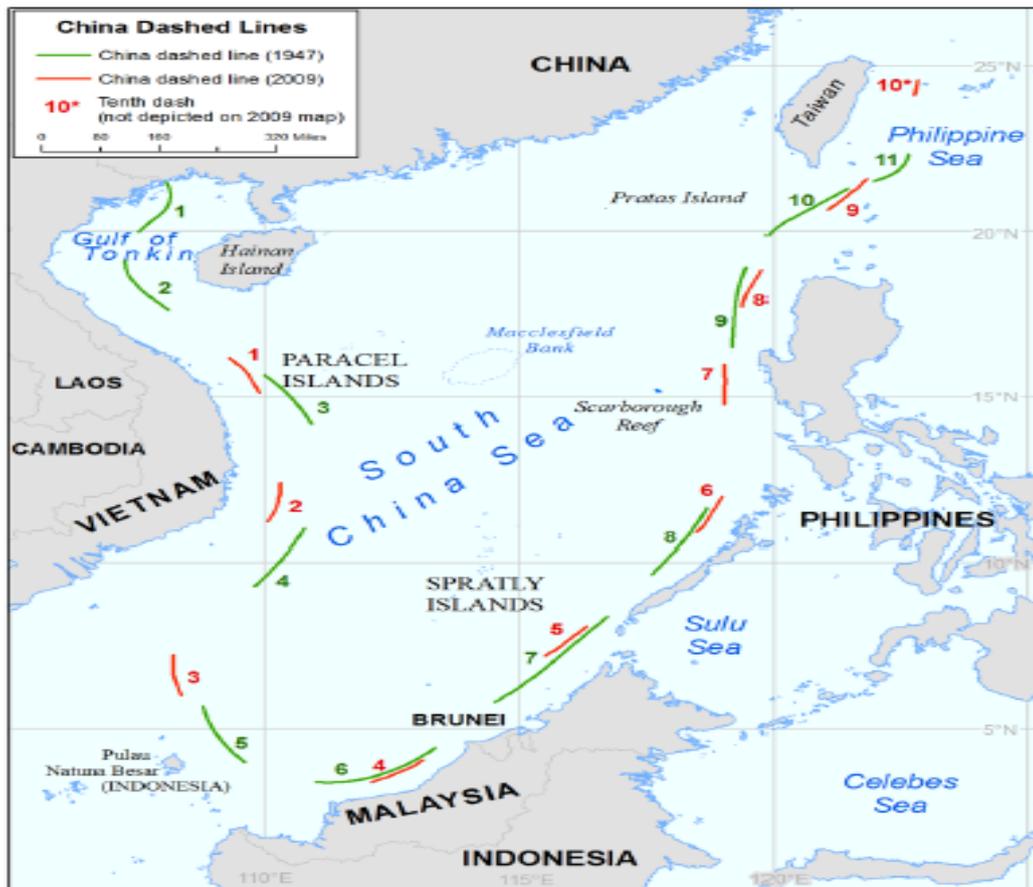


Figure 14: Comparison of dashed line in 2009 and 1947 maps

Source: United States Department of State, 2014, p. 6

### 5.1.2. UNCLOS

Article 2 of the UNCLOS defines the sovereignty of a coastal state as extending: *"beyond its land territory and internal waters and, in the case of an archipelagic State, its archipelagic waters, to an adjacent belt of sea, described as the territorial sea"* (UN Oceans & Law of the Sea, 1982). Article 3 offers provisions about the limits of the territorial sea as it follows: *"Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles"* (UN Oceans & Law of the Sea, 1982). Article 5 states that: *"the normal baseline for measuring the breadth of the territorial sea is the low-water line"* (UN Oceans & Law of the Sea, 1982). Moreover, in Article 33, a contiguous zone is described, that can extend to a maximum of 24 nautical miles from the baselines.

Part V of the UNCLOS sets provisions regarding the Exclusive Economic Zone (EEZ). Article 57 claims that the EEZ may extend to a maximum of 200 nm from the baselines. Article 56 provides the rights of the states within the EEZ. The state has: *"sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources"*,

as well as the jurisdiction for: *"the establishment and use of artificial islands, installations and structures"* (UN Oceans & Law of the Sea, 1982). Article 58 stipulates also the freedom of navigation, overflight, and laying of submarine cables and pipelines within the EEZ.

Part VI of the Convention brings into discussion the continental shelf. Article 75 states that: *"The continental shelf of a coastal State comprises the seabed and subsoil of the submarine areas that extend (...) to a distance of 200 nautical miles from the baselines"* (UN Oceans & Law of the Sea, 1982). Furthermore, the rights of the coastal state: *"do not depend on occupation, effective or notional, or on any express proclamation"* (UN Oceans & Law of the Sea, 1982).

Part VII, Article 121 defines the regime of islands: *"An island is a naturally formed area of land, surrounded by water, which is above water at high tide"* (UN Oceans & Law of the Sea, 1982). An island that respects this definition has the territorial sea, the contiguous zone, the exclusive economic zone and the continental shelf: *"in accordance with the provisions of this Convention applicable to other land territory"* (UN Oceans & Law of the Sea, 1982). However, rocks that are not able to sustain human habitation or economic life have no EEZ or continental shelf, and the features that are not emerging above water at high tide are not defined as islands. At the same time, Article 60(8) make it clear that: *"Artificial islands, installations and structures do not possess the status of islands. They have no territorial sea of their own, and their presence does not affect the delimitation of the territorial sea, the exclusive economic zone or the continental shelf"* (UN Oceans & Law of the Sea, 1982).

In terms of maritime boundaries, the problems occur when the maritime delimitation zones of several coastal states overlap. Article 15 stipulates that:

*"Where the coasts of two States are opposite or adjacent to each other, neither of the two States is entitled, failing agreement between them to the contrary, to extend its territorial sea beyond the median line every point of which is equidistant from the nearest points on the baselines from which the breadth of the territorial seas of each of the two States is measured. The above provision does not apply, however, where it is necessary by reason of historic title or other special circumstances"* (UN Oceans & Law of the Sea, 1982).

Regarding the EEZ and continental shelf, Articles 74 and 83 says that the delimitation: *"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"* (UN Oceans & Law of the Sea, 1982).

### 5.1.3. *China's claims in the South China Sea and the US position*

Regarding the historic bay or historic title, the United States understanding is that a state's historical waters are recognized only if: "(a) the State asserting claims thereto has done so openly and notoriously; (b) the State has effectively exercised its authority over a long and continuous period; and (c) other States have acquiesced therein" (U.S. Department of State, 1992, p. 13).

China's claims over the South China Sea could be divided in two categories: claims to land and claims to water. Regarding the land claims, China's position is more clear, claiming sovereignty over the features within the nine-dash line. This appreciation dates back to at least its 1992's Law on the Territorial Sea and the Contiguous Zone. Regarding the maritime claims, China's pretensions are more unclear (U.S. Department of State, 2014, p. 11). The United States found out three possible interpretations of the Chinese maritime claims according to the nine-dash line, as well as providing its own understanding over the extent to which those interpretations are consistent with the international law. The three possible interpretations are: "(1) lines within which China claims sovereignty over the islands, along with the maritime zones those islands would generate under the LOS Convention; (2) national boundary lines; or (3) the limits of so-called historic maritime claims of varying types" (U.S. Department of State, 2014, p. 23).

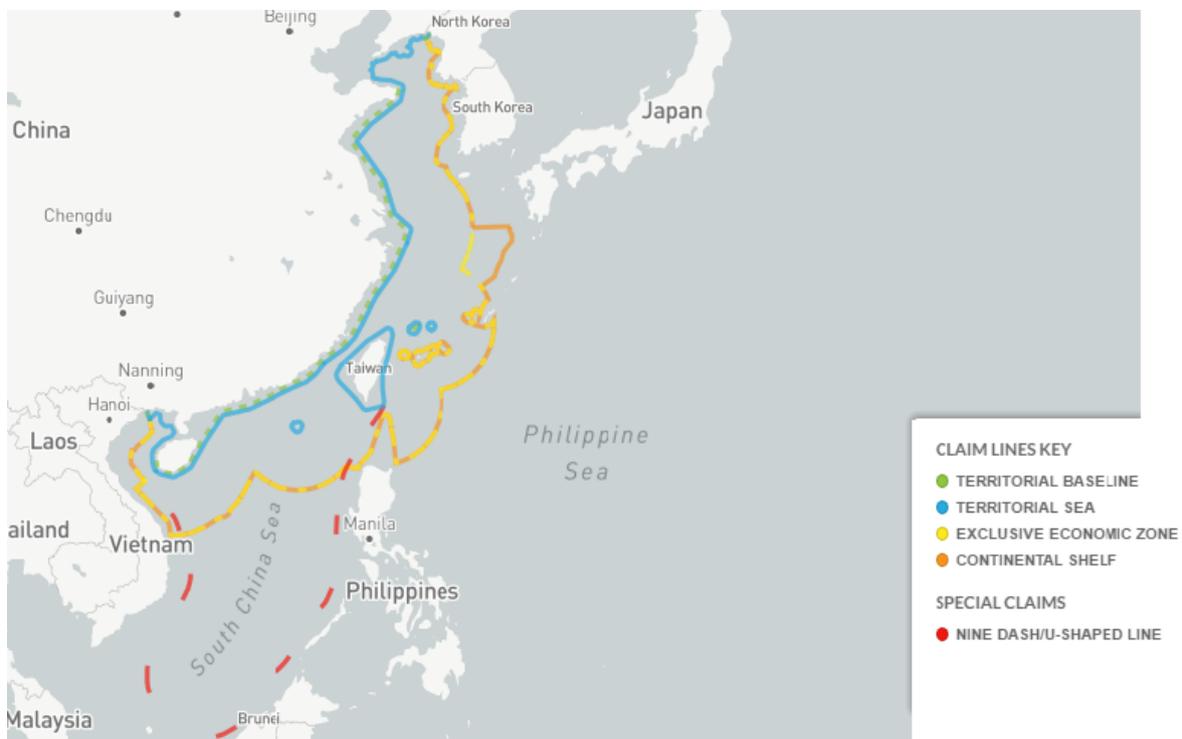


Figure 15: China's territorial baseline, territorial sea, EEZ, continental shelf and the nine-dash line

Source: Asia Maritime Transparency Index

The first interpretation, according to the the Law of the Sea, will limit China's maritime claims to the territorial sea, contiguous zone, EEZ and continental shelf. The maritime boundary will start by taking into account China's mainland, coasts and land features that possess the title of an island as provided and defined by the UNCLOS. However, the sovereignty over the islands in the South China Sea is a matter of dispute, which make the maritime zones that include these islands to be also disputed. Even if China has sovereignty over some islands in the South China Sea, the maritime zones as provided by this islands are a: *"subject to maritime boundary delimitation with neighboring states"* (U.S. Department of State, 2014, p. 23).

The second interpretation that has at its base the nine-dash line as a national boundary for China, would not have a legal basis under the UNCLOS because the maritime boundaries between coastal states are not made unilaterally, but according to an agreement between neighboring states. Moreover, the international law has: *"not accorded very small isolated islands like those in the South China Sea more weight in determining the position of a maritime boundary than opposing coastlines that are long and continuous"* (United States Department of State, 2014; see Figure 13).

The third interpretation is taking into account China's so-called historic rights and historic waters. In this case, according to the UNCLOS, the issue will be that the South China Sea is a sea where many states have entitlements to the EEZ and continental shelf. As a result, China's maritime boundaries are overlapping with the ones of other states. In this regard, UNCLOS does not allow those entitlements to be evaluated by another state on the basis of history.

#### **5.1.4. UNCLOS and China's position**

China sees the situation quite differently. When China ratified UNCLOS in 1996, it made it clear in its declaration that: *"3. The People's Republic of China reaffirms its sovereignty over all its archipelagos and islands as listed in article 2 of the Law of the People's Republic of China on the territorial sea and the contiguous zone, which was promulgated on 25 February 1992"* (UN Oceans & Law of the Sea, 1996).

Moreover, China made an announcement on August 25, 2006 in which reaffirms that it will not accept any international jurisdiction in settling the disputes, based on its rights under Article 298 of the UNCLOS (UN Oceans & Law of the Sea, 2006). However, in 2013 the Philippines made a request for an arbitration regarding the dispute with China in the South China Sea, and the situation has complicated again.

In 2014, in a *Position Paper of the Government of the People's Republic of China on the Matter of Jurisdiction in the South China Sea Arbitration Initiated by the Republic of the Philippines*, the PRC emphasized that:

*"China and the Philippines have agreed, through bilateral instruments and the Declaration on the Conduct of Parties in the South China Sea, to settle their relevant disputes through negotiations. By unilaterally initiating the present arbitration, the Philippines has breached its obligation under international law"* (Ministry of Foreign Affairs of the People's Republic of China, 2014).

In addition, China stressed out that the declaration of 2006 gives them the right to choose the method of dispute settlement procedures even if the current dispute is a subject-matter of arbitration under UNCLOS or not. To sum up, the Position Paper concluded that the Tribunal has no jurisdiction over this case, and China will not participate in this arbitration and will not accept or comply with the verdict of the Tribunal (Ministry of Foreign Affairs of the People's Republic of China, 2014).

A precondition is needed to evaluate China's sovereignty over the whole area included in the nine-dash line. As a part of the study limitations was the will to not take any position regarding UNCLOS jurisdiction over this disputes. As such, if we assume that UNCLOS has jurisdiction over the disputes in the South China Sea, it will result that China has no sovereignty over the entire area included in the nine-dash line. Starting from the understanding that sovereignty does not mean that as a state you have freedom from legal restraints, as provided by Morgenthau, it will also result that China must abide by international law, because it is a signatory country of the UNCLOS.

In a Press Release on 12 July, 2016 issued by the Permanent Court of Arbitration, it was mentioned that even if China stated several times that it will not accept or participate in the arbitration, the Annex VII stipulates that the: *"[a]bsence of a party or failure of a party to defend its case shall not constitute a bar to the proceedings"* (Permanent Court of Arbitration, 2016, p. 1). Annex VII also stipulates that a tribunal: *"must satisfy itself not only that it has jurisdiction over the dispute but also that the claim is well founded in fact and law"* (Permanent Court of Arbitration, 2016). Regarding the Position Paper published by China, the Permanent Court of Arbitration made it clear that the UNCLOS: *"In the event of a dispute as to whether a court or tribunal has jurisdiction, the matter shall be settled by decision of that court or tribunal"* (Permanent Court of Arbitration, 2016).

Equally important is the decision of the Tribunal regarding China's historical rights in the area included in the nine-dash line, and its findings are that such rights are incompatible

primarily with the EEZ as provided by the Convention: *"although Chinese navigators and fishermen, as well as those of other States, had historically made use of the islands in the South China Sea, there was no evidence that China had historically exercised exclusive control over the waters or their resources. The Tribunal concluded that there was no legal basis for China to claim historic rights to resources within the sea areas falling within the 'nine-dash line'"* (Permanent Court of Arbitration, 2016, pg. 1-2). The Tribunal made another decision regarding the land features in the Spratly islands and found out that none of them meet the global standard for island entitlements.

From a realist point of view, the situation in the South China Sea fit within the realist assumptions over international organizations. The disputes in the South China Sea, according to the Tribunal are a matter of international law, which, in this regard, limits China's freedom to manage alone its territorial and maritime disputes. Appealing to the realist assumptions, it can be assumed that the UNCLOS was not effective in the dispute between China and the Philippines because it lacks the instruments to enforce its conclusions and evaluations. According to neorealism, the state of anarchy makes the most powerful nations to break international law in order to secure their own interests. In this sense, even if the international organizations and laws exists, they are not capable to make a powerful country like China to abide by international law.

The South China Sea arbitration brought more discussion in the past few years on whether Beijing should leave UNCLOS or not (Wang Z. , 2016). China is a country open to enclosed seas but not to oceans, which is an inconvenient for China, and the EEZ situated at a maximum of 200nm, as stipulated in the UNCLOS, restrains China's maritime zones. At the same time, the provisions of the UNCLOS accepted by China around 40 years ago, if we take into account also the period of negotiations, represent a long period of time and China suffered several transformations, and people start to reconsider the implications for being part of such an organization (Wang Z. , 2016).

#### ***5.1.5. UNCLOS and the US position***

It can be assumed that the position of the United States is similar and in support of the UNCLOS, as well as in favor of Permanent Court of Arbitration decision taken in July, 2016. In September 2016, the president of the United States, Barrack Obama stated that: *"If you sign a treaty that calls for international arbitration around maritime issues, the fact that you're bigger than the Philippines or Vietnam or other countries... is not a reason for you to go around and flex your muscles"* (Phillips, Tom , 2016). In this regard, the United States calls for Beijing to abide by the international law and to not abuse the power it holds.

Although the United States is vocal regarding the South China Sea disputes, many analysts challenge the US right to be involved in the South China. At the base of this stance, it stays the fact that the United States is not a member of UNCLOS.

In this context, some analysts are calling for the United States to join the UNCLOS in order to strengthen the institution, its ability to fully support its allies and partners in the South China Sea region, to create another leverage in the relation with China, and show to the world that they are not in favor or against a specific country but being in support of international law (Johnson, 2016; Cardin, 2016; Gallo, 2016). The US Department of State views the joining to the UNCLOS as a top priority because it provides a legal framework in support to the US national security and economic interests (U.S. Department of State). Furthermore, the representatives of the United States were not allowed to be observers to the proceedings regarding the arbitration between China and the Philippines, and as a result the US position regarding this issue was not well served (Majumdar, 2016).

There are also voices inside the United States that are assuming that China will continue to disregard the decisions of the Tribunal whether the United States is a member of the UNCLOS or not, and the fact that the ratification will undermine even more the United States sovereignty (Gallo, 2016). Fuchs and Sutton (2016) raise the attention over the fact that the United States is not a claimant state in the South China Sea, and therefore UNCLOS will not provide any instruments for the US to address disputes in the region (Fuchs & Sutton, 2016). In this regard, ratification could be seen just as a method to change China's rhetoric but not exactly to change the Chinese policy in the region.

Regarding the United States, and starting from Morgenthau's assumption that: *"International law is a law among co-ordinated, not subordinated entities. Nations are subordinated to international law, but not to each other"* (Morgenthau H. J., 1978, p. 318), it will result that the United States has no right to force China to abide by international law even if it is a member of the UNCLOS, as well as to interfere in the South China Sea disputes.

#### **5.1.6. Concluding remarks**

What is happening nowadays in the South China Sea is a perception gap that exists between China and the United States. China accused the US of hypocrisy and manipulation regarding the South China sea disputes, primarily because it is not a member of the UNCLOS. China went even further and accused the United States through the voice of Chinese ambassador to the ASEAN that it orchestrated the arbitration case for the Philippines (Fuchs & Sutton, 2016). By taking into account the first proposed subquestion regarding the aspects

of the perception gap, it can be concluded that the US perception over the South China Sea is that:

1. China has to abide by international law
2. China has no legal or historical rights over the entire area included in the nine-dash line according to the international law
3. China has to solve the disputes through the application of international law and not through power politics
4. The United States supports the evaluation made by UNCLOS and the Tribunal of Arbitration

On the other hand, the perception of China regarding the South China Sea is quite opposite:

1. China has sovereign rights over the entire area included in the nine-dash line
2. China's sovereign rights in the South China sea are supported by historical and legal evidence
3. The UNCLOS, respectively the Tribunal of Arbitration have no jurisdiction over the disputes in the South China Sea
4. The disputes need to be solved through bilateral negotiations between claimant parties
5. The United States has no right to take any position or to be involved in the settlement of disputes in the South China Sea, because it is not a claimant state or a member of the UNCLOS.

This conflictual perceptions represent an impediment in the way of building mutual trust between China and the US, which is one of the pillars in developing constructive relations in the South China Sea. At this point, both countries fear the intentions and ambitions of the other, which at this point are more or less unclear. Moreover, in terms of sovereignty, both countries are thinking that the other is violating international law. However, realism offers a better explanation on why countries like China or the United States choose not always to act in accordance with international law, especially when their security and interests prevail. The latter will be discussed below.

## **5.2. China's increasing power and its implications over the South China Sea**

This section will have the aim to demonstrate China's increased of its power and assertiveness in the South China Sea in the past few years, as well as to evaluate its

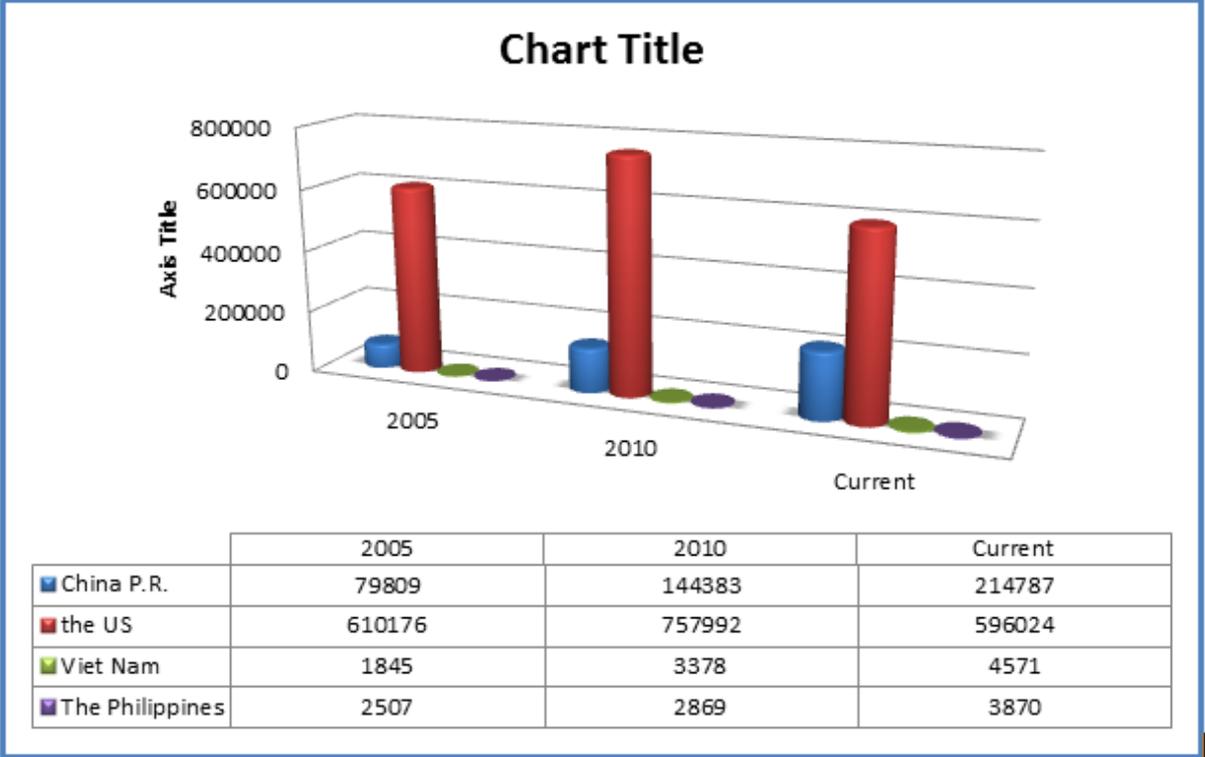
implications over the region. By taking this into account, it will be able to show that China's actions already created a security dilemma in the region, and a balance of power directed against it. This sub-chapter will be able to highlight also the role of the aforementioned perception gap in the escalation of conflicts between China and the US, as well as the contributions to the deterioration of their relations in the South China Sea.

In 2012, during the 18th Party Congress of PRC, Hu Jintao stressed that for China is mandatory to build a strong national defense and powerful armed and naval forces in order to: *"meet the needs of its security and development interests"* (Embassy of the People's Republic of China in the United States of America, 2012). This is viewed as a part of China's modernization process. In the same report, Hu Jintao, referring to the problems faced by China, has spoken of them as affecting the survival and security of the Chinese state. Thereby, according to neorealism the principal component in order to avoid this problems is perceived in making a progress regarding China's power capabilities. In this regard, Hu Jintao made it clear that: *"China pursues a national defense policy that is defensive in nature. Our endeavors to strengthen national defense aim to safeguard China's sovereignty, security and territorial integrity and ensure its peaceful development"* (Embassy of the People's Republic of China in the United States of America, 2012). Taking into account the statement from 2009 when China declared that has indisputable sovereignty over the islands and waters included in the nine-dash line, it can be concluded that China's military development in this regard is directed also in defending its sovereignty and interests in the South China Sea. However, regarding minor territorial conflicts, China has chosen not to engage naval armed forces. Instead, China used the maritime law enforcement ships in order to defend or deter the actions of other countries in the South China Sea (Cheng, 2016, p. 523).

The fact that China's territorial disputes nowadays require primarily its naval capabilities, make the Chinese policymakers give a more important role to the People's Liberation Army Navy (PLAN) development and modernization. Regarding the South China Sea disputes, PLAN is seen as playing a major role in protecting and pursuing China's interests. According to Fels and Vu (2016): *"The South China Sea region has been viewed as a necessary outlet for China to develop greater maritime power projection in both the Indian and Pacific Oceans"* (Fels & Vu, 2016, p. 103).

China's economic growth and constant increasing budget for defense since 1993 make the PLAN to register an outstanding progress which: *"enables the PLAN to move from coastal waters to the deep oceans"* (Xin, 2012, p. 620). In order to highlight China's increasing military expenditure, it will be used the Stockholm International Peace Research Institute

(SIPRI, see Figure 16). It will be included also the military expenditures of the US, Vietnam and the Philippines. Vietnam and the Philippines were chosen because they were involved in most of the conflicts with China in the South China Sea. Thus, according to the SIPRI Military Expenditure Database, China had a tremendous increasing and almost tripled the military expenditure from 2005 to 2015. On the other hand, the US experienced a slight decrease from 2005 to 2015 and it can be concluded that its military expenditures were more or less constant during the last 10 years. However, its military expenditures compared to China's ones are still nearly three times higher. Lastly, the Philippines and Vietnam military expenditures are much lower compared to its main competitor in the South China Sea, namely China.



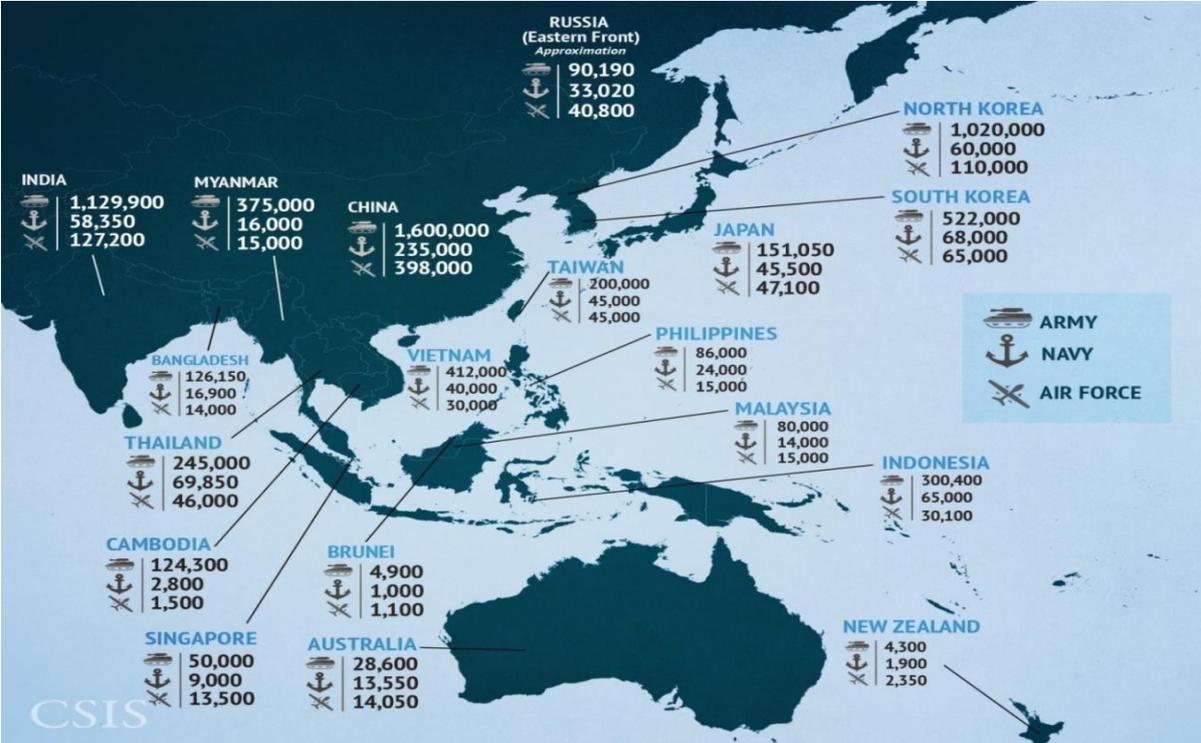
**Figure 16: Military expenditures by country in US million dollars**

Source: Authors, Stockholm International Peace Research Institute, 2016

In terms of military strenght, according to Global Firepower from 2016, China is the third after the United States and Russia. The Power Index score for the United States and China, as well as for the the other claimant states (excepting Brunei) in the South China Sea, offers the following results: 1. The United States: 0.0897; 3. China: 0.0988; 17. Vietnam: 0.3684; 19.Taiwan: 0.3958; 34. Malaysia: 0.6679, 51. Philipinnes: 0.8661 (Global Firepower, 2016). In order to calculate the Power Index, Global Firepower (2016) took into account: not

the total number of weapons but the weapon diversity, geographical factors, logistical flexibility, natural resources, local industry, available manpower, military leadership was not considered, NATO members received a bonus for their sharing of military capabilities, nuclear stockpiles were not considered but recognized (Global Firepower, 2016).

By taking into consideration the military expenditure and military strength it can be simply concluded that the United States still remains the first rank with a considerable advantage. China ranks second in terms of military expenditures while in terms of military strength is the third. And if we take into account the instability of China-US relations it can be understood why China is pursuing power. According to neorealism, if it is needed to find out how actors interact in international politics, it is also necessary to look to the system within they interact. Waltz believed that states are seeking for power because of the structure of international system. In this regard, in the absence of a higher authority above states, power became an useful instrument for China. China’s development and increasing influence was put under question and limited by the power that the US still has in the Asia-Pacific region. In order to protect and pursue its own interests, China resorted to the increasing military capabilities. By evaluating the other claimant states, it can be concluded that in the absence of the United States, they are in a position at least precarious compared to China, and that in the South China Sea exists a vacuum of power.



The US military personnel in the Asia-Pacific region is not that significant nowadays and could be perceived just as a way to discourage China or North Korea from taking aggressive steps against its allies. Most military troops are situated in Japan and South Korea, while in the Philippines, a claimant state in the South China Sea, it has stationed just a few elements of its military personnel (see Figure 18). From this point of view, China is in a favorable position in the South China Sea. In fact, the US drew attention through the US Department of Defense over military modernization in the Asia-Pacific region:

*”Rapid military modernization across the Asia-Pacific region has significantly increased the potential for dangerous miscalculations or conflict in the maritime domain. Many countries are also significantly enhancing their maritime law enforcement (MLE) capabilities. These assets have become increasingly relevant as countries, particularly China, are using them to assert sovereignty over disputed areas”* (U.S. Department of Defense, 2015, p. 10).

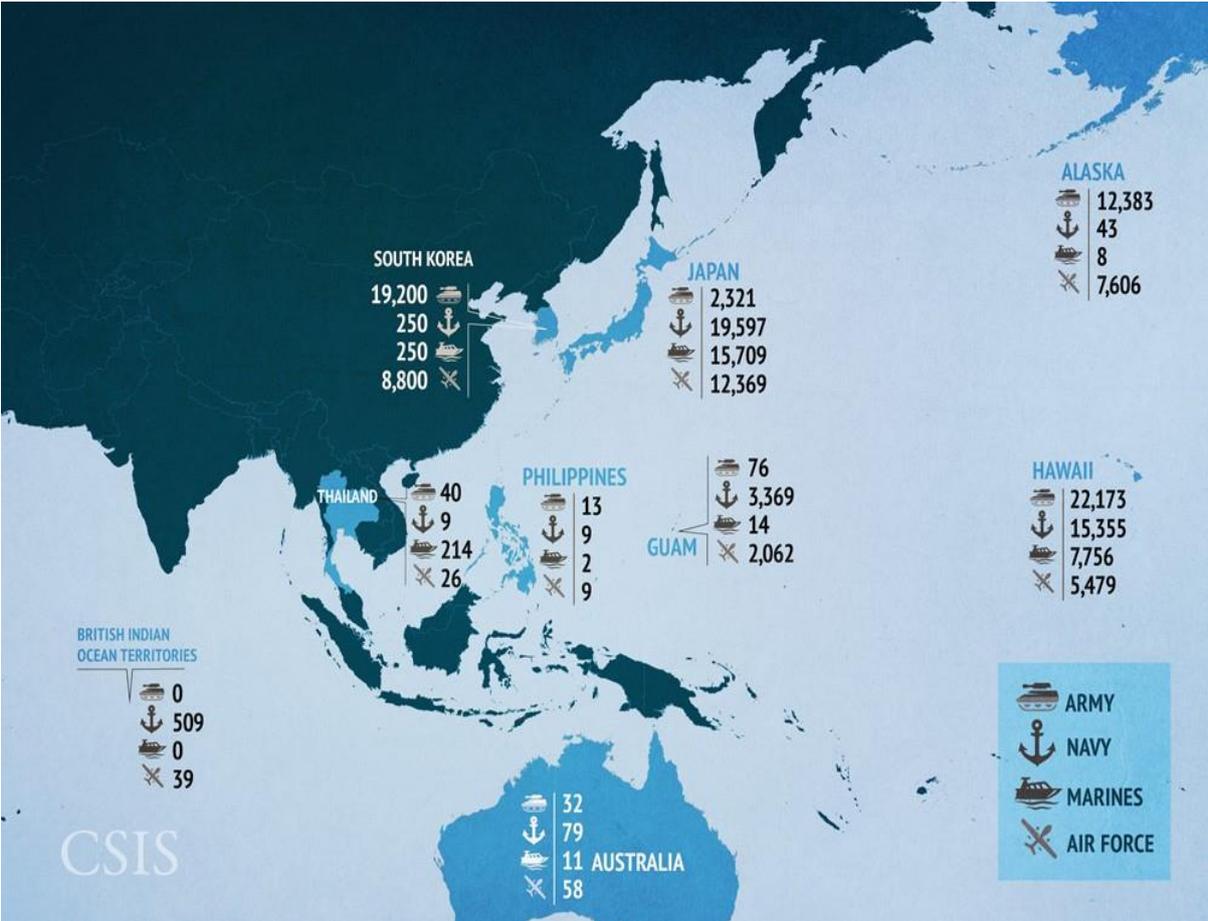


Figure 18: The US Military Personnel in the Asia-Pacific region

Source: Asia Maritime Transparency Index, 2014

It is not the purpose of this study to measure the power gap between China and its neighbors in the South China Sea. However, Chang (2012) stated that: *"Without question China's air and naval forces have become more capable. That advance can be largely attributed to qualitative improvements, rather than a rapid expansion of their force structures"* (Chang, 2012, p. 23). Thereby, the aim of the previous findings regarding the power and military expenditures is to highlight the fact that China is improving and investing more and more in its military capabilities in order to protect and pursue its own interests or to defend what is seen as a challenge or danger to China's state survival or security.

At the same time, this acquisition of power created anxiety among China's neighbors, and created what John Herz called a security dilemma. According to neorealism, while China is assuring a comfortable position in the South China Sea, at the same time it diminishes the chances of other countries in the region to secure their own interests. The US Department of Defense and SIPRI has highlighted the fact that other countries in the South China Sea have also begun to improve and increase their military capabilities and expenditures, albeit on a much lower scale than China. The domestic efforts, mentioned by Waltz in *"Theory of International Politics"*, taken by the countries in the region, were not sufficient to counterbalance the power of China. This assumption is supported also by Chang (2012) who stressed out that the Southeast Asia countries failed to: *"modernize at pace comparable to China's since the late 1990s"* (Chang, 2012, p. 28). In this regard, our findings fall into realist principles, because power is seen as the dominant element in order to increase your security and protect and pursue your interests. The concept of security dilemma also occurs and highlights the anxiety and discrepancy that China's increasing power has already created.

However, China feared that an assertive stance in the long-term would deteriorate its relations with the ASEAN countries and Japan, and push them to form an anti-China alliance (Jae-hyung, 2003, p. 114). However, an alliance between them is improbable because there is also a conflict of interests between most of them over the sovereignty in the South China Sea. Thereby, transposition of Chinese power into practice has already taken place in the South China Sea. One example is represented by the fact that China started to militarize its islands in the South China Sea, to build artificial islands and military bases on the islands (Gertz, 2017). In fact, China is using multiple elements of its power, heading to the goal of imposing control over the South China Sea while preventing other countries to do the same.

Such events like the arms race or the escalation of conflicts between countries in the South China Sea provide an opportunity for the US to interfere within the region in order to obstruct China (Cheng, 2016, p. 519). In fact, China's behavior already made its neighbors get

closer to the United States for security reassurance. As it was mentioned above, the arms race in the region was disproportionate, creating a power gap which must be filled by other actors. The United States was the answer to the anxieties and power gap created by China, which made the US become more and more involved within the region.

Therefore, the United States was perceived as a country having the power to counterbalance China, being less dangerous, and having no territorial claims over the South China Sea. In fact: *"The prospect of the United States working diplomatically and militarily with the Philippines, Vietnam and Japan and perhaps Singapore, Indonesia and Malaysia to dissuade and deter China holds out potential for slowing or even stopping China from expansion in the SCS"* (Burgess, 2016, p. 123). Unlike the Philippines, a formal ally of the United States, Vietnam and Malaysia have no security guarantees from the United States. However, the aggressive steps taken by China in the past few years led Vietnam, and to a lesser extent Malaysia: *"to align weakly with the United States"* (Burgess, 2016, p. 125). The game played by the countries within the region consists of the following: they do not want a radical deterioration of their relations with China but at the same time they are improving their relations with the US in order to counterbalance China's power. Thus, with the exception of China, the interference of the United States in the region did not signal too much opposition, and was tacitly accepted by the countries in the region. Moreover, the US activities and statements regarding the South China Sea in the past few years showed a change in their attitude.

Firstly, McDevitt (2015) emphasized the fact that the US accused China: *"of undermining trust by introducing a military power dimension to the already complicated sovereignty disputes in the Spratly Island"* (McDevitt, *The South China Sea: Island Building and Evolving U.S. Policy*, 2015, p. 253). Secondly, regarding the presence of the US in the South China Sea, in April 2001, a collision between an U.S. EP-3 reconnaissance plane and a Chinese F-8 fighter took place close to Hainan Island (Glaser, 2012). And since 2009, a number of minor conflicts between China and the United States in the South China Sea took place. One happened in March 2009 when the U.S. surveillance vessels, coming too close to Hainan, were approached by five Chinese naval vessels (Buszynski, 2012, p. 146). In fact, China intercepted a number of US reconnaissance flights that are conducting actions within China's EEZ, and sometimes China's response was so aggressive that creates a high risk of conflict between them (Glaser, 2012). For instance, in June 2009, a Chinese submarine collided with an U.S. destroyer. More recently, in 2016, a US drone submarine was captured by China in the South China Sea region (Lin-Greenberg, 2016). All of this events, plus the

stand-off between China and the Philippines in 2012 over the Scarborough Shoal come to support the assumptions of China's assertiveness and aggressiveness in the South China Sea. In addition, they are also an evidence of the US more aggressive steps in the South China Sea and the increasing involvement within the region.

According to the game theory, it can be assumed that the actions and strategies took by China and the US are mainly sequential. For instance, if the US chose to conduct freedom of navigation operations within what China perceived as its territory, the likelihood of China's answer to be aggressive will be much higher.

The aforementioned events happened between China and the United States revealed once again the antagonistic perceptions between the two countries. While the US said that China violated the international law by seizing a U.S. military asset in international territory, China could be seen the capture in a different way. Glasser (2012) pointed out that: *"China insists that reconnaissance activities undertaken without prior notification and without permission of the coastal state violate Chinese domestic law and international law"* (Glaser, 2012). However, in the same year China has returned to the US the military asset captured (Al Jazeera, 2016), which could be perceived as a reconciliant step. As such, according to defensive realism, China will have limited objectives and will resort to reduced actions because of the consequences that may arise.

Regarding the Philippines, a country directly affected by China's increasing power, the alliance with the US served its own interests. Waltz perceived an alliance as an external effort of a state in order to increase its security or to create a balance of power. Meanwhile, the alliance with the Philippines provide also a convenient reason for the US to step up involvement in the South China Sea, along with defending its own interests.

Trump's administration already emphasized that China's actions are a challenge to freedom of navigation and overflight, and threaten the US position in the Asia-Pacific region (Heydarian, 2017). Moreover, by the voice of Secretary of State Rex Tillerson, the US changed its attitude towards China regarding the South China Sea, expressing that: *"We're going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands also is not going to be allowed (...) They are taking territory or control or declaring control of territories that are not rightfully China's"* (Haas, 2017). Once again, it seems like the actions took by China in the South China Sea, made the United States sequentially to change its strategy and policy. Furthermore, China's domination over the South China Sea will be not allowed, an assumption that fall again into defensive realism understandings.

The balance of power theory finds its applicability in the South China Sea and provides a better explanation over the relations between competitive states. According to neorealism, the increasing power of China could be understood at a minimum to provide security, and at a maximum, to pursue regional domination in the South China Sea. The other claimant states were not able to counterbalance the power of China, and as a result they agreed tacitly over the US involvement in the region in order to check the power and activities of China within the region. How the US could check China in the South China Sea? By continuing their freedom of navigation operations in order to check China's reactions and assure it of its presence in the region. Even if the US seems like it prioritized the North Korean issue over the South China Sea, and the relations between Trump and Xi Jinping have improved, freedom of navigation operations in the South China Sea are unlikely to stop (Starr & Westcott, 2017).

#### ***5.2.1. Concluding remarks***

In order to answer the second sub-question proposed regarding the implications of China's increasing power and assertiveness in the South China Sea, the previous analysis of China's behavior and actions was necessary. All this characteristics that accompanied China's increasing power and assertiveness in its foreign policy has several implications over the South China Sea as it follows:

1. It has created anxiety and distrust regarding its aspirations and intentions in the South China Sea and beyond
2. It has created elements for China's future power projection
3. It has demonstrated China's inflexibility regarding its interests in the region and territorial disputes, and included the South China Sea on China's list of core interests
4. It has facilitated the US intervention in the South China Sea
5. It has given to China a better position compared with the countries in the region
6. It has created incentives for the creation of a balance of power directed against it
7. It has determined countries within the region to improve their military capabilities and brought them closer to the United States
8. It has led the United States to change its attitude with a more unfavorable one towards China in respect to the South China Sea issue

As such, the current developments in the South China Sea are basically associated with China-US engagements. The perception gap already mentioned in the previous section

already paid the price regarding the escalation of conflicts between China and the United States. For instance, while the US is considering that has the right to undertake peaceful military exercises within China's EEZ, China emphasized that they are hostile and unfriendly. This perception gap, the level of mistrust, and the US and China increasing assertiveness have given rise to minor conflicts, which made their relationship deteriorating more and more. Moreover, the conflicting interests between them in the region make their relationship in the South China Sea even more complicated and more open to failure in terms of cooperation and positive development.

### **5.3. Core interests of China and the United States in the South China Sea**

The South China Sea is an area of strategic and economic significance for several countries, regionally and globally. The current subchapter of the analysis aims to highlight what kind of interests the US and China have in the South China Sea, as well as to find out which are the similarities and differences between them in this regard. The evaluation of their interests will make it able to see how their conflicting interests could influence their relations in the South China Sea, and how it could be a hindrance in building a constructive relation between them.

#### ***5.3.1. China's core interests in the South China Sea***

Starting from the point that China is one of the claimant states, and considers that it has indisputable sovereignty over the islands and territorial sea included in the nine-dash line, we can draw the conclusion that China has an interest in pursuing control over approximately 80% of the South China Sea region, as well as to protect and defend its position.

In 2015, a National Security Law of the PRC has been adopted, which was perceived as a way to bring more clearance over China's national security and to safeguard country's core interests (Wong, 2015). Article 2 of National Security Law allow us to understand how China understands the national security:

*"National security refers to the relative absence of international or domestic threats to the state's power to govern, sovereignty, unity and territorial integrity, the welfare of the people, sustainable economic and social development, and other major national interests, and the ability to ensure a continued state of security"* (China Law Translate, 2015).

Based on our analysis, it can be simply concluded that the South China Sea is on the list of what China considers to have sovereignty over and perceived as its territory. In fact, in the past years, the South China Sea became one of China's core interests (Wong, 2015). Thanks to the military, diplomatic and economic efforts, it can be understood the inclusion

of the South China Sea to the China's core interests as an expansion of what China perceived as non-negotiable issues. Talking about the South China Sea, Gertz (2017) also emphasized China's position as stating that: *"any attempt to counter these claims posed a threat to China's core national interests - language widely regarded as a basis for going to war to defend those interests"* (Gertz, 2017). Thus, according to neorealism, international politics is a dynamic place where significant changes occur and where nations change their interests over time, and this seems to happen also regarding China's position toward the South China Sea. But why is the South China Sea so important for China? And why has the South China Sea become a core national interest for China? There are several reasons which I will list below.

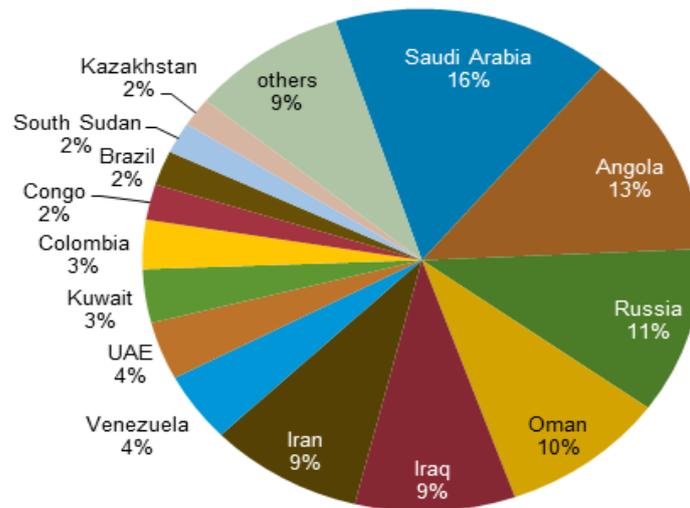
#### Resource security and geostrategic significance

The economic implications of the South China Sea play a major role regarding China's interests. In order to highlight the significance of the South China Sea resources for China, first it is needed to point out the energy security problems faced by China. China's energy policy issues are mainly caused by China's rapid economic growth and the constant increasing in demand for energy resources (Cheng, 2016, p. 457). According to BP Statistical Review from 2016, „China accounted for 23% of global energy consumption and 34% of net energy consumption growth” (BP, 2016). By using Enerdata statistics from 2015, it is simple to highlight the gap between total energy consumption of China which is 3101 mtoe, and total energy production which is 2,640 mtoe (Enerdata, 2016). Primarily, this discrepancy between production and consumption made energy a part of China's national security.

According to the US Energy Information Administration (US EIA), China is in the top regarding the net oil importers in 2014 with 6.1 million barrels per day. According to the same agency, oil and natural gas account for 25% of total primary energy consumption in 2012 (U.S. Energy Information Administration, 2015). According to BP Statistical Review of World Energy 2016, fossil fuels, especially coal, represent the main source of energy, other sources of energy still evolving quite slowly (BP, 2016) Therefore, the energy gap between consumption and production must be filled by imports.

The next issue is represented by the route of oil and natural gas imports: *"almost four-fifths of China's oil imports come from Africa and the Middle East, all of which are shipped by foreign-owned tankers passing through the Indian Ocean into the Straits of Malacca and, then, across the South China Sea until they reach Chinese seaports"* (Cáceres, 2014, p. 46; see Figure 19, 20).

### China's crude oil imports by source, 2014

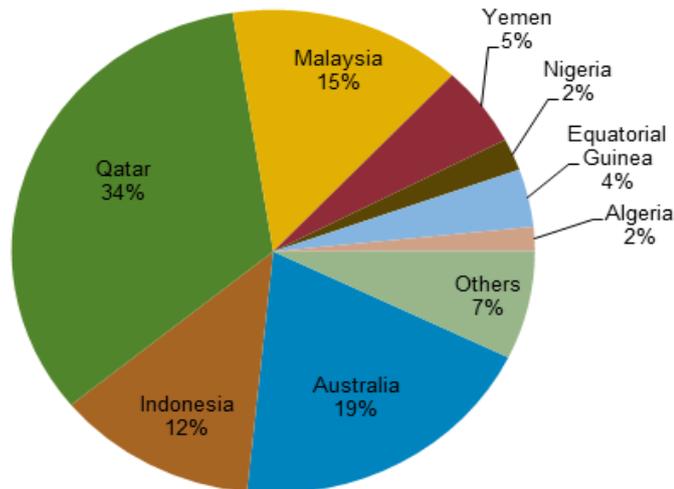


Sources: FACTS Global Energy, Global Trade Information Services, Inc.

Figure 19: China's crude oil imports by source in 2014

Source: US Energy Information Administration, 2015

### China LNG import sources, 2014



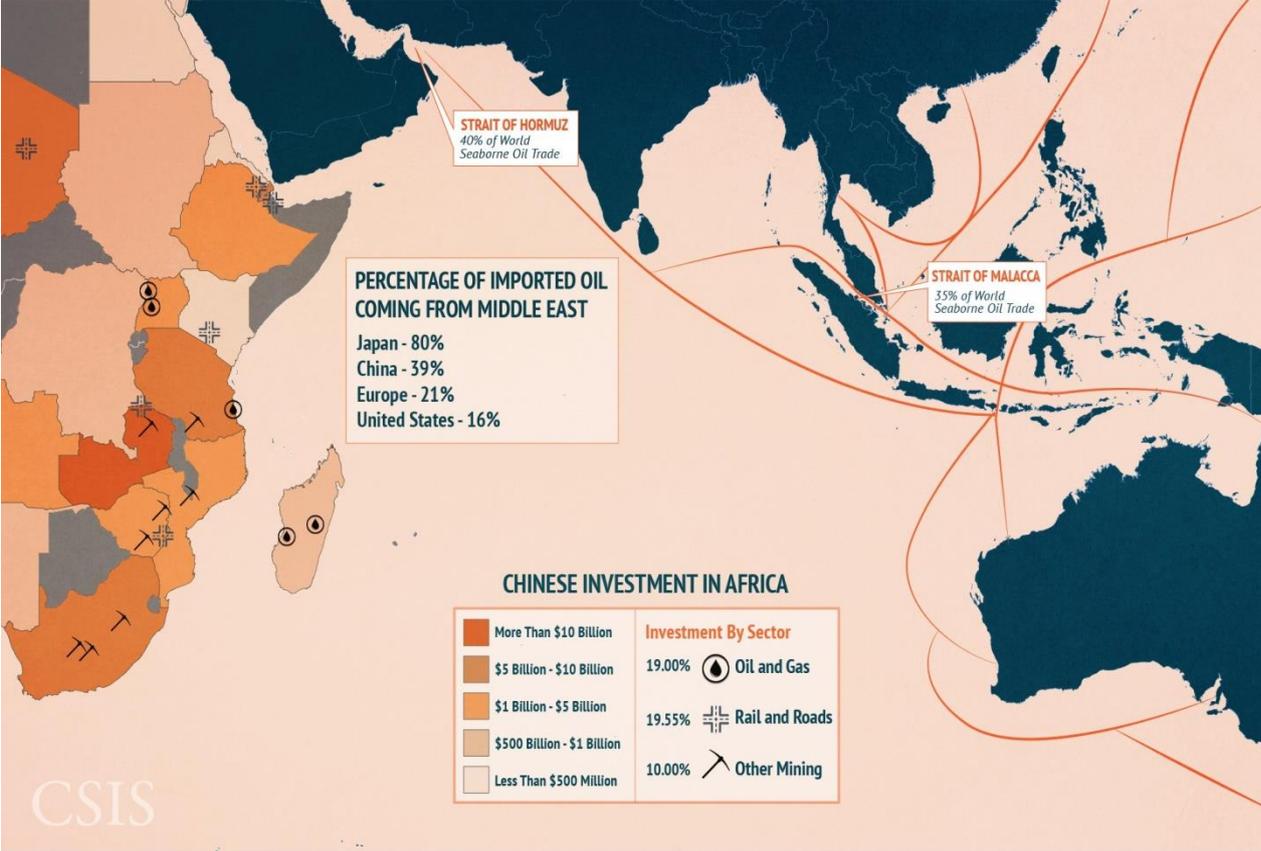
Source: IHS Energy.  
Others: Angola, Brunei, Egypt, Norway, Oman, Papua New Guinea, Russia, Trinidad & Tobago, and re-exports from Spain and South Korea.

Figure 20: China Liquefied Natural Gas import sources in 2014

Source: US Energy Information Administration, 2015

The Malacca Dilemma is another challenge faced by China in order to ensure its energy security. In terms of trade, the Malacca Strait is of inconceivable importance: "given that exports to and imports from Europe and Central, South and West Asia have to pass through these tight waterways, where there is always the risk of interdiction" (Cáceres, 2014, p. 46).

China’s industry and manufacturies are highly dependent on oil imports coming through the South China Sea, and if China wants to sustain its economic growth, it needs to secure or control this sea line of communication (SLoC) so vital for Chinese economy (see Figure 21). In fact, Hu Jintao stressed in 2003 that: *”the narrowness of the Malacca region as a vital SLoC, coupled with a lack of direct Chinese security presence there, reflected a serious risk to Chinese economic security”* (Fels & Vu, 2016, p. 98). In this regard, the geostrategic importance of the South China Sea is unquestionable by being part of such a maritime conduit, and due to the implications for China’s economic growth. Thus, according to neorealism, one of the dominant elements of the national interest is represented by state’s security, which in our case finds its applicability regarding China’s economic and national security.



**Figure 21: Trade routes and straits in the Indo-Pacific region**

Source: Asia Maritime Transparency Index, 2014

At the same time, the South China Sea is an area with proved and probable oil and natural gas reserves, which are so vital for China’s energy security. The US EIA is assuming that around 11.2 million barrels of crude oil and liquids reserves, and 190 trillion cubic feet of natural gas reserves were found in the South China Sea (U.S. Energy Information

Administration, 2013). Thus, controlling the South China Sea not only provide security regarding maritime transportation but could also provide resources, thus lowering China's import of oil and natural gas.

The waters in the South China Sea are also a host to huge fishery stocks. Fels and Vu (2016) emphasized also the significance of this aspect, because: *"The region's centuryold tradition as a fishing ground and today's growing demands render this aspect particularly decisive"* (Fels & Vu, 2016, p. 30). Moreover, China imposed an annual fishing ban in the South China Sea using its fishing patrol vessels in order to make the others to respect that, which generated a lot of conflicts, especially with Vietnam and the Philippines (Buszynski, 2012, pg. 143-144). Therefore, the resources found in the South China Sea as well as its geostrategic importance represents just some aspects regarding China's interests in the region.

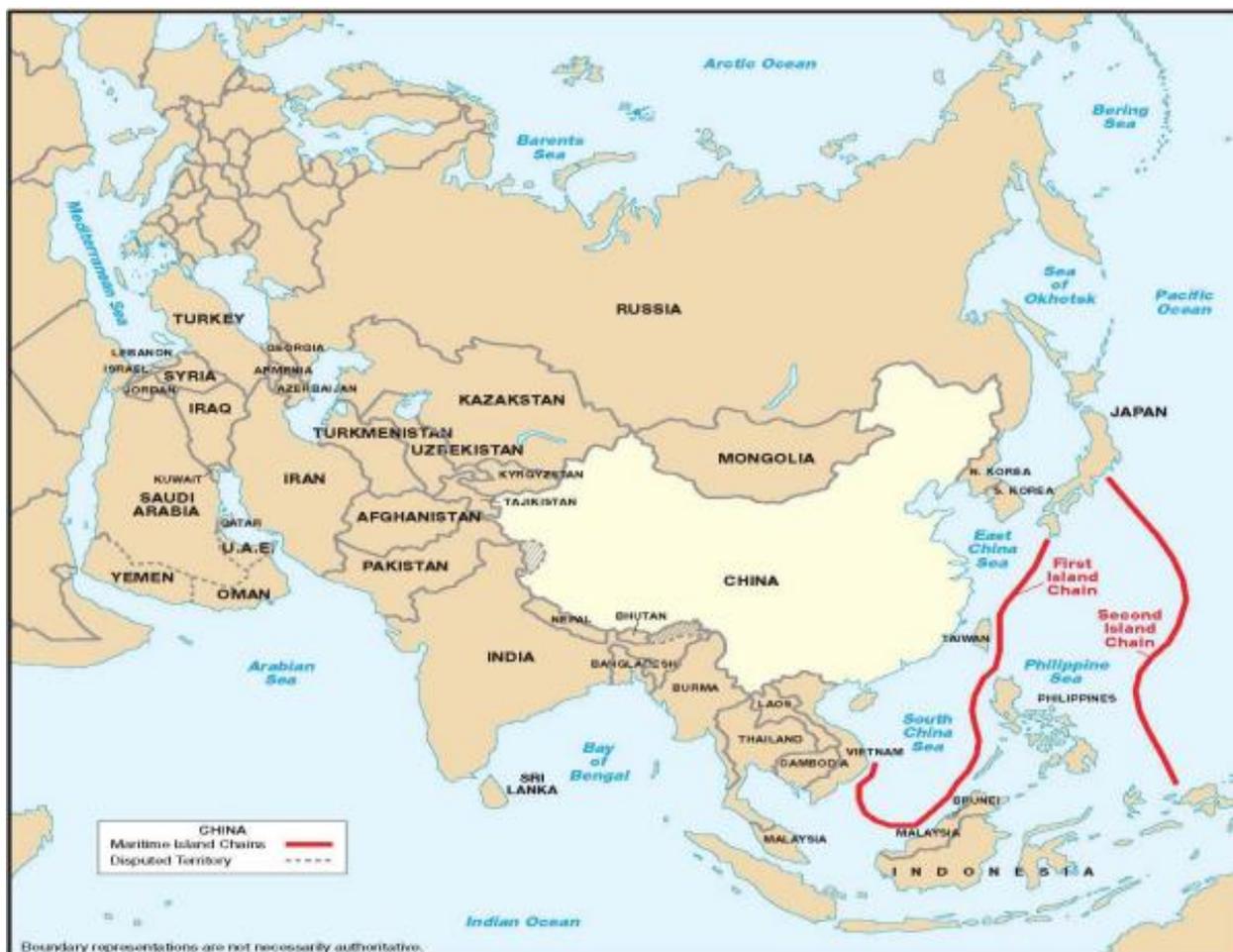
### Power projection

While some of China's interests in the South China Sea are more obvious and sustained by official statements, others could be understood through the analysis of findings and the use of theory. In fact, Morgenthau made a distinction regarding national interests, which are seen as dynamic, including an aspect that is obvious and another one that needs more reflection. In this regard, the larger strategic objectives of China in the South Chian Sea may be uncertain (Bisley, 2016).

While the US could be satisfied with its maritime position which extends from Western Atlantic to Eastern Pacific, China has no direct access to the oceans. The development of China's naval capabilities raise a lot of questions regarding its future intentions. PLAN is seen nowadays as: *"the forefront of safeguarding Beijing's increasingly expansive security interests"* (Fels & Vu, 2016, p. 125). As it was mentioned previously, China's maritime strategy has changed, and the naval force that once was held close to the China's coasts developed and allowed it to venture in a much broader area. Thus, the development of China's maritime capabilities has several purposes: to prevent Taiwan from declaring independence, to gain control over territorial seas and islands in disputed areas, to protect China's trade and energy supply, or to defend the country from attacks coming from the sea (Fels & Vu, 2016). In fact, in 2013, Du Wenlong, a senior researcher at the PLA's Academy of Military Science stated that nowadays: *"The Chinese navy has the capability to cut the first island chain into several pieces"* (Xiaoqun, 2013).

The first island chain represents a part of China's military doctrine that includes East China Sea and the South China Sea, an area that covers some contested waters and disputed islands. Yoshihara (2012) went even further and stressed out that: *"The first island chain is a*

geographic construct that is peculiar to Beijing's worldview, which understandably places the Chinese mainland at the epicenter of maritime Asia" (Yoshihara, 2012, p. 294). The breaking of the first island chain will be a pathway for China's ambitious strategy to enter the Pacific Ocean (Yoshihara, 2012, p. 304; see Figure 22). In this regard, the activities conducted by China in the South China Sea take another dimension and could be associated to a part of a larger strategy that includes the breaking of first island chain.



**Figure 22: The First and Second Island Chains**

Source: US Department of Defense, 2007, p. 16

However, the immediate challenges arise because the area in question knows a military presence of the US and its allied forces. Moreover, regarding the East China Sea, countries like Japan or South Korea have also considerable military capabilities. Unlike the East China Sea, the countries in the South China Sea are not strong enough to question China's ambitions and the US presence there is also much weaker. In this regard, it is more plausible to see in the future a more aggressive stance adopted by China in the South China Sea rather than in the East China Sea. In this regard, the existent configuration of the international

system shapes China's national interests and actions. Thereby, another interest associated with the South China Sea could be represented by China's willing to fragmentate the first island chain through the South China Sea and to secure its entrance to the Pacific.

At the same time, the South China Sea provides opportunities for the already developed naval forces to enter into activity and to secure China's position in the Asia-Pacific region. According to realism, depending on China's power capabilities, it will be much easier or much harder to follow its interests. Moreover, its previous actions against the US may be perceived as methods to question the US hegemony over the Asia-Pacific region. However, according to defensive realism, China's actions in the South China Sea may be associated with an active defense rather than an offensive stance directed against the US. In this regard, as Jepson (2012) stated: "*national interests are often hidden in the rhetoric of self defence*" (Jepson, 2012).

Thus, the projection of an image of strength for China could be also understood as an interest as well as the increase of its influence globally and regionally. By adopting a more aggressive stance regarding their interests, China may want to make the others understand that they will not put a step back in the South China Sea and they will use even force in order to protect its interests.

#### China's core interests - concluding remarks

China's interests regarding the South China Sea imply two dimensions. Some interests are evident and promoted through official statements, and other interests could be deduced through the use of theory and analysis of its actions. Resource security and the protection of what is seen as being of geostrategic significance, could be associated to China's national security and included to the first dimension. The breaking of the first island chain, the chance provided by the South China Sea for China's power projection is included in the second dimension.

However, to maintain peace and stability in the South China is also of great importance for China's development. Its involvement in the South China Sea could be understood as a part of China's strategy that is seeking for a more important role in regional and international affairs. Thereby, Zheng Shuna, deputy director of the legislative affairs commission of the National People's Congress stressed that: "*For safeguarding national core interests, China has repeatedly said that we adhere to a peaceful path of development but will never give up our righteous interests and sacrifice the core national interests*" (Wong, 2015).

### **5.3.2. *The US interests in the South China Sea***

The US interests in the South China Sea could be seen as being more simplified compared to that of China. This does not mean that are less relevant or significant. Unlike China, the US has not made any territorial claims in the South China Sea (Firestein, 2016), but its interests involves other aspects.

First of all, the US understands that according to UNCLOS, it can make peaceful military exercises within the EEZ of coastal states (McDevitt, 2014, p. 19) but it is not a member of UNCLOS to invoke such principles. China's answers to these kind of activities shows its determination, and it claimed that these activities are unfriendly and hostile. Thus, the differences of opinion between China and the United States regarding freedom of navigation are more complicated. China does not understand why the United States is stating that it wants to promote and secure freedom of navigation in the South China Sea. In fact, China has no incentive in obstructing the maritime trade in the South China Sea and wants just to secure smooth running of maritime commerce there. But when the US is referring to the freedom of navigation, it also regards military activities within China's EEZ as a part of: *"high seas freedoms"* (McDevitt, 2014). And once again, because of different perceptions, a lot of incidents occurred between them. Thus, for the US, an interest is represented by securing the freedom of navigation in the South China Sea, including also the peaceful military operations within China's EEZ.

Secondly, another aspect regarding the US interests is represented by: *"the need for the contending claimants to follow the rules established by international law"* (McDevitt, 2014, p. V). Thereby, on July 2013, the US Secretary of State, John Kerry stated that:

*"As a Pacific nation (...) the United States has a national interest in the maintenance of peace and stability, respect for international law, unimpeded lawful commerce, and freedom of navigation in the South China Sea. As we have said many times before, while we do not take a position on a competing territorial claim over land features, we have a strong interest in the manner in which the disputes of the South China Sea are addressed and in the conduct of the parties. We very much hope to see progress soon on a substantive code of conduct in order to help ensure stability in this vital region."* (Kerry, 2013)

In this regard, the US will be against the use of force by China in order to resolve its disputes or to change the status-quo in the South China Sea. The only instrument for maritime entitlements is seen in the international law. Moreover, the Obama administration already emphasized that: *"the United States does consider establishing rule-based stability in the SCS to be an important U.S. national interest"* (McDevitt, 2014, p. VI).

As a part of the US rebalancing strategy to the Asia-Pacific region, the US also wants to improve the access of its military in the South China Sea and to support countries within the region to improve their own capabilities to patrol and monitor their territorial waters. In fact, the rebalancing strategy promoted by Obama administration showed to countries in the South China Sea that in the light of China's increasing power and assertiveness, the US will be ready to support them. In this regard, countries like Japan and South Korea, who are highly dependent on the maritime trade passing through the South China Sea, would want the US to reassure that China will not obstruct in any way the maritime trade activities in the South China Sea. No less important is the defensive treaty with the Philippines. In this sense: *"If China were to attack a Philippine naval or coast guard vessel, shoot down a Philippine military aircraft, or kill or wound members of the Philippine armed forces, treaty language related to attacks (...) suggests that the treaty would apply"* (McDevitt, 2014). The US may face a dilemma by being in support of its partners with interests in the region, but protecting at the same time its own interests in the relation with China (Hyer, 2016).

According to defensive realism, the US has also an interest and a responsibility in preventing China's ascension in the South China Sea. In the system's structure there exists a lot of incentives to make the US to deter China's domination over the South China Sea. Depending on China's actions, behavior and steps toward the South China Sea, the likelihood for the United States to take preventive actions just to thwart China's ambitions will be at a lower or higher level.

To summarize, the US interests in the South China Sea could be understood as it follows: to reassure its partners with interests in the South China Sea, to maintain the status-quo, to protect its allies from China's increasing assertiveness, to deter China's expansion in the South China Sea, to secure freedom of navigation, to maintain peace and stability in the region and to encourage claimant states to settle their disputes according to international law.

### ***5.3.3. Short comparison between China and the US interests in the South China Sea***

China and the US interests in the South China Sea are varied and contradictory. While the US interests in the South China Sea could be understood as being much further away from the US core interests, as far as China's long-term interests are concerned, there are still some questions regarding their future position in the South China Sea and the Asia-Pacific region. In order to answer the third sub-question regarding their interests in the South China Sea, I came to the next conclusion, and China's interests could be understood as it follows:

1. To control and secure its sovereignty over the islands and territorial sea included in the nine-dash line

2. To deter other claimant states to acquire any features or to exercise sovereignty over the area included in the nine-dash line
3. To secure the maritime route passing through the South China Sea which is vital for its energy security
4. To acquire most of the resources in the South China Sea which will lead to the ensurance of energy and economic security
5. To solve to a great or lesser extent the dilemma represented by the Malacca Strait
6. To show even through the use of force that what is perceived as China's core interests are unquestionable and non-negotiable
7. To ensure CCP legitimacy and ensure satisfaction of the population and militaries
8. To put under question the US position in the Asia-Pacific region
9. To assure an entrance to the Pacific through the breaking of the first island chain
10. To use its power projection in an area that is less risky than others
11. To increase China's influence and role regionally and globally
12. To ensure peace and stability in the South China Sea
13. To avoid a radical deterioration of their relations with the US or a direct confrontation

And the US interests could be understood as it follows:

1. To reassure its partners through the US involvement in the region, and to protect its allies in the event of a conflict with China
2. To deter China's domination over the South China Sea
3. To secure freedom of navigation according to its own understanding
4. To maintain a proper position and the status-quo in the Asia-Pacific region
5. To maintain peace and stability in the South China Sea
6. To make the actors to settle their disputes according to international law
7. To avoid a conflict with China if it is possible due to their mutual interests

In this regard, the main distinction regarding their interests is represented by the fact that China wants a reconfiguration of its position in the South China Sea and the Asia-Pacific, while the US wants to maintain the status-quo and its current position in the region. This conflict of interests make it impossible the cooperation between them or the pursuing of interests by both of them. If nobody changes its attitude and interests in this regard, a resolution that could please both China and the US cannot be seen in the near future. Thus,

their relationship in the South China Sea suffers from these significant differences represented by conflictual interests that prevail over the mutual ones in the region

#### **5.4. The state of China-US relations and its contributing factors**

Based on our findings and theories used, it is now possible to answer the problem statement proposed initially. I draw the conclusion that perceptions and interests of China and the US are more or less antagonistic in the South China Sea, which makes also their relations to be unconstructive, problematic and complicated for the following several reasons.

First of all, there exists a perception gap and a level of mistrust which seem unlikely to change in the near future. While China considers that it has unquestionable sovereignty over the entire area included in the nine-dash line based on its historical rights, the US embraces the principles of the UNCLOS in this case, even if it is not a member, and states that China has no rights over the entire area. On the one hand, China emphasized that UNCLOS has no jurisdiction over the disputes in the South China Sea and thereby it did not accept its verdict. On the other hand, the US supports and accepts the Tribunal arbitration and its verdict. Moreover, China says that the US has no right to be involved in the South China Sea disputes and accuses it even of hypocrisy. For China, the US is a destabilizing factor in the South China Sea and a challenge to its interests and aspirations regionally and globally. Moreover, China sees the activities of the US within its EEZ as hostile and unfriendly, while the US invokes that is its own right to make peaceful military activities within the EEZ of coastal states, according to UNCLOS. Thus, a lot of frictions and conflicts arise because of this perception gap and a level of mistrust defines their relations in the South China Sea. In this regard, the South China Sea highlights once again the instability of their relations and the different points of view that China and the US have in some regards.

Secondly, the increasing power and assertiveness on behalf of China makes the United States become more and more involved in the Asia-Pacific region. This happens at a time when the US is facing several other problems such as the North Korean and Iran's nuclear programs, the disorders in Syria and Iraq, the Islamic State issue, seeking stability for Afghanistan, deterioration of its relations with Russia and so on. However, primarily due to the evolution of events in the East and South China Sea, the US had to come up with a rebalancing strategy over the Asia-Pacific region during the Obama administration. In this regard, the security dilemma created by the US in the first place, and then by China among its neighbors in the South China Sea, has made the involvement and interests of the United States in the region to grow, the engagement between China and the US to become more complicated, and the US restoration of the balance of power in the South China Sea more

probable. Their relations in the South China Sea also underwent significant changes. Minor conflicts start to occur, and China becomes also more anxious and cautious of having the US close to its borders. Kazianis (2015) found out that: "Washington and Beijing find themselves in an increasingly dangerous security dilemma" (Kazianis, 2015).

Thirdly, their interests coincide regarding just one aspect, the securization of the maritime route passing through the South China Sea. Regarding other aspects, their interests come into conflict. On the one hand, China has an interest in controlling the area included in the nine-dash line along with the resources found there. On the other hand, the US does not want a China that controls most of the South China Sea, or a competitor in the region because they still want to maintain a strong position in the Asia-Pacific. Moreover, the US needs to reassure its partners within the region, and it needs to show that it is disposed to protect them from China's increasing power and assertiveness, and that the Asia-Pacific region is still of significant relevance to them. This conflicting interests existent between them contributed drastically to the deterioration of their relations in the South China Sea, making cooperation between them not plausible.

However, according to defensive realism, that emphasizes China's desire to become more powerful in the region while having limited objectives and appealing to reduced actions because of the consequences that may arise if it becomes too aggressive or audacious in the South China Sea, both China and the US will try to avoid a large scale confrontation between them. In this regard, mutual interests existent between them, taking into account their overall relationship, could support such a point of view. It is understandable that China wants a reconfiguration of its position in the Asia-Pacific region, and the increasing power is just one instrument capable to provide that. On the other hand, the US will be always there checking the China's actions and its use of power, and will not allow a total domination of China in the South China Sea. In support of this, the US has its impressive alliance system globally and its military power that could hinder China's ambitions. This could have severe implications over the relations between China and the US in the South China Sea.

China is aware that the US is the main challenge in front of its regional and global ambitions, and the likelihood of minor incidents between them is still on a high level. Even if they are not assuming that in the South China Sea exists a rivalry between them, they are both aware and worried about the other intentions, aspirations and actions. Despite these aspects, China and the US have other fields where they need to cooperate like the improvement of their economic ties, the climate change issues, the maintenance of stability in the East China Sea or the North Korean issue. In this regard, it can be assumed that the state of their overall

relationship will have an impact in the future over their relations in the South China Sea, and they will always weigh the benefits and losses of their strategies in the South China Sea.

To conclude, in recent period, the South China Sea has had and continues to have serious implications for China-US relations. China's increasing power, behavior, actions and the conflicting interests makes the US to give more attention once again to the Asia-Pacific region. At the same time, the US also becomes more assertive in the South China Sea, which makes China to continue the increasing of its power capabilities and aggressive stance. Their relations in the South China Sea are accompanied by several differences regarding their perceptions and interests. It is really hard to see at this point an end to their antagonistic positions in the South China. However, their relations and conflicts in the South China Sea are controlled at this time, but differences in their mutual perception are extremely high and may cause unwanted events.

Structural realism highlights an anarchic international system where interactions among actors are defined by power politics, which both China and the US are using in the South China Sea. However, the likelihood that the South China Sea will become defining in terms of their bilateral relations is low at this point. Depending on their behavior and actions, conflicts can occur and escalate at any time, moving the South China Sea from the marginal area to the epicenter of their relationship.

## 6. Discussion

In the current study, I found relevant to focus my attention on the relation development process between China and the United States in the South China Sea. It was also highlighted the challenges for a stable relationship based on mutual trust between them in this region. It was signaled what make the South China Sea so important for so many actors regionally and globally.

The disputes that exist nowadays over the sovereignty in the South China Sea are difficult to settle for several reasons. First of all, in these disputes are involved no less than six parties, which makes the resolution of the South China Sea disputes to become a complicated process. Thus, the more countries involved in the disputes, the more difficult it is to solve them. Within the region, there exists several mechanisms able to settle the disputes and increase the level of trust between claimant states, but the disputes are characterized by a neorealist understanding of the international politics. For instance, even if mechanisms exist, in the US point of view, China has chosen to not respect the verdict of the Tribunal in the arbitration case *Philippines v. China*. Moreover, the US considers that China does not respect the international law anymore and is primarily looking to settle the disputes through power politics and power projection. In support to this point of view comes the increasing power and assertiveness of China as well as its rising nationalism, that makes China not to be able to make concessions regarding territorial disputes. However, it is not only China that broke the international law, and the United States interference in the South China Sea is also perceived by China as a violation of international law.

The United States, after a short retraction from the Asia-Pacific region, it starts to increase involvement again within the region through the new rebalancing strategy. According to defensive realism, its interests imply also the prevention of a Chinese domination over the South China Sea. The United States does not want the South China Sea to become a case or a model for China's forthcoming assertive policies in the Asia-Pacific. No less important is its engagement to its allies within the region that feel threatened by China.

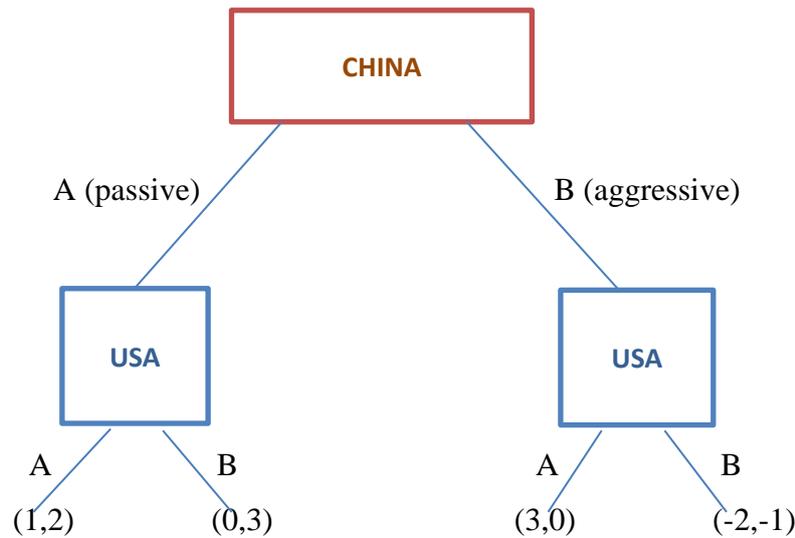
The level of mistrust and the perception gap between China and the United States are on a high level in the South China Sea and are creating concerns about their future interactions in the region. The conflicting interests and the United States restoration of balance of power in the region also raise a lot of questions. They will choose to cooperate or they will come into conflict? It will be enough space for both of them in the South China Sea? Cooperation in the South China Sea is improbable at this stage due to their strongly conflictual perceptions and

interests. Thus, while the United States wants to maintain the status quo, China's image could be associated with the one of a revisionist country that aspires to a reconfiguration of its position in the region. The rising of nationalism inside the population and military field in China is another obstacle for cooperation. The South China Sea is perceived by Chinese population as a historical territory of China, in a country that put a lot of emphasis on history. Regarding sovereignty and territorial integrity, the Chinese population is very reluctant to make any concessions, and the defense of sovereignty and territorial integrity in the South China Sea could be understood as a matter of legitimacy for the Chinese Communist Party. In fact: *"the CCP has based its legitimacy on the twin pillars of economic performance and nationalism"* (U.S. Department of Defense, 2007, p. 6). And more important, the CCP already presented the South China Sea as a part of China's territory.

In order to provide some future prospects regarding the South China Sea issue, it was chosen the use of Game Theory, which will be applied according to our findings and understandings, and it will be linked to the defensive realism point of view. I will start from a scheme that will be further discussed and explained. Game Theory was also used by Green (2016) in his book *The Third Option for the South China Sea: The Political Economy of Regional Conflict and Cooperation*, but for other purposes. On the one hand, Green (2016) has used the Game Theory primarily to evaluate if there could be also cooperative solutions to the South China Sea disputes. On the other hand, in the current research, I start from the assumption that cooperation between China and the United States is not possible, and non-cooperation will be represented by an aggressive or passive behavior.

Moreover, the non-cooperative game chosen in the current research is one sequential as it was already highlighted in the analysis, because it was found that it is more probable for China and the United States to act according to each other's actions. The game is also characterized by complete and perfect information because both of them are aware about the options and outcomes of the other's strategies.

Starting from the assumption that China wants a reconfiguration and an improvement of its position in the South China Sea, it can be assumed that in this game China will make the first step. In order to pursue its interests and gain sovereignty within the area included in the nine-dash line, China has two options: to pursue its interests in an aggressive way, which is the strategy B, or in a more passive way, which is the strategy A. According to China's choice, the United States will choose strategy A or B, depending on which one serves better their interests. The outcomes of different strategies used are different and the values chosen will be explained below.



**Figure 23: Sequential Non-Cooperative Game with Complete and Perfect Information involving China and the United States strategies in the South China Sea**

Source: Authors

Taking into account that China will choose to pursue its interests in a passive way, because they do not want to risk a direct confrontation with the United States, it will remain exposed to a potential aggressive stance adopted by the United States. However, the best case scenario is if they both choose to act in a passive way. In this regard, the United States has a slight advantage because they can maintain the status quo without using its power while China find itself unable to pursue all of its interests. For example, in the areas where the United States and the Philippines are exerting influence, China will not be able to pursue its own interests. In this respect, China will be constrained by the passive character of its actions. However, this strategy offers to China an opportunity to act in a more aggressive way and to pursue its interests in areas where the United States and its allies are not involved. At the same time, China will be able to protect what has so far been won in the South China Sea. As a result, the outcome of this strategy is 1 for China, because they are able to pursue some of its interests and protect what it has until now. The United States outcome by being passive is 2 because they could maintain the status quo in the South China Sea without being involved in a conflict with China.

However, if the United States choose to be aggressive while China chooses to be passive, the outcome will be 3 for them, so bigger than the one by being passive. China's outcome will be 0, because they will be found in a position where they cannot pursue none of its interests. However, the likelihood for the US to be aggressive while China is passive is low

for some reasons. While the United States by being aggressive when China is passive could gain a better position against China for future preventive actions, at the same time it will deteriorate the relations with China and the likelihood for China to become also aggressive in the future will be high. In this regard, our opinion is that the US will choose to be cautious and will not risk a conflict with China. To conclude, if China chose strategy A, it will confer a slight advantage to the US, no matter what the US will choose. Thus, the US will try to deter China from becoming aggressive because keeping China as passive is the best strategy for the US in the South China Sea, which doesn't involve confrontation or deterioration of their relations.

But China, at some point, after completing its actions in other areas where the US and its allies are not exerting influence, it will turn its attention over the territories taken by the Philippines in the South China Sea, which according to the nine-dash line, belong to China. In this case, the passive behavior will not be enough to pursue its interests and it will may try to switch the passive strategy with an aggressive one that it will make also the United States to react in support of its allies and its own interests. And this is where China and the United States can enter into conflict.

At this point, the US will not be able to keep China passive anymore and the rhetoric used by China will change and it will require the US to stay outside of the South China Sea. In this situation, if the US will choose not to seek involvement in these disputes, and not to risk a war with China or a severe deterioration of their relations, the strategy will be understood as being passive, thereby strategy A. But with China aggressive, and the US passive, the latter will not be able to maintain the status quo and China will be able to dominate the South China Sea. Therefore, the outcome for China will be 3, while the outcome for the US will be 0.

However, according to defensive realism, the US will make everything to hinder such a scenario and will choose strategy B, that brings countries in a direct confrontation. This scenario is the worst for both countries, and it was emphasized during the analysis that both countries will try to avoid a direct confrontation at a large scale. In this case, both countries outcomes are represented by losses, -2 for China, respectively -1 for the US. For China is the worst scenario because despite that it is not able to pursue its interests, it also needs to make use of military capabilities and resources to sustain a war with the US. For the U, the outcome is -1, because it can maintain the status quo to some extent but with significant losses represented by the deterioration of relations with China, and the use of its military capabilities and resources.

As such, it seems that for the US the best strategy in the South China Sea will be to maintain China passive and deter it to become aggressive. On the other hand, China will become unsatisfied at some point with their passive policies and strategies and if they show willingness to control the entire area included in the nine-dash line, it is impetuous to become aggressive. In this regard, game theory found explanations for China's primarily aggressive behavior in the South China Sea.

However, it is more probable to see China and the US using mixed strategies in the South China Sea, switching the passive and aggressive behavior according to circumstances in order to mislead each other. Confrontations are probable, but they will be kept on a low level. Thus, alongside with their perceptions and interests, even their future strategies regarding the South China Sea will be different. If China continues to reject international interference in this disputes and does not give up its ambitions regarding the nine-dash line, the likelihood of conflict in the South China Sea will be extremely high sooner or later. This is also due to the more aggressive steps already taken by the US against China. Even the bilateral negotiations that China wants, will be unsuccessful because of its firm stand regarding the nine-dash line, which countries within the region will never accept. In such a scenario, the involvement of the US will be vital in order to stop China dominating the South China Sea.

Besides these future prospects, game theory also allow us to understand why China has become assertive and aggressive in its actions in the South China Sea. It allows us also to understand why the United States are more and more involved within the region and why is so important to them to keep China's ambitions at home. In this regard, game theory provides a better understanding of the strategies used by China and the US and the outcomes of their strategies in the South China Sea. Therefore, we assist to a game where the US wants to prevent China to become aggressive and pursue its interests, while China tries to find ways to control the area included in the nine-dash line without being engaged in a conflict with the US. So far, the attitude of China does not seem to show that it wants war, but it protects what they won so far, and prevents other claimant states to gain some new territories. Cooperation and settlement of disputes in a cooperative way is still possible but at this point, according to China's own terms.

Thus, neorealism, the balance of power theory along with their concepts found their applicability in the current research. Firstly, neorealism theory explained many aspects regarding the relations between China and the United States in the South China Sea, and was able to provide a view over the international politics. The position of the United States in the Asia-Pacific region and its title of the most powerful country, were understood as a

threatening to China's increasing development and influence throughout the world. On the one hand, the system structure makes China to improve its elements of power in order to counterbalance the US influence close to its borders. On the other hand, China's increasing power and assertiveness created a security dilemma among the claimant states in the South China Sea, who in turn sought to improve their own military capabilities. However, their domestic efforts were not enough, and in order to counterbalance China's aspirations and potential domination over the South China Sea, they tacitly accepted the role of the US in the South China Sea. Thereby, the US was able to create a balance of power directed against China in the South China Sea.

Secondly, neorealism is able to explain why countries like the US and China has chosen to not comply with the international law in every circumstances. The power and influence that the US and China detain, make them to think thoroughly about the consequences of the international law compliance in the long term and in every situation. Mearsheimer, in his article, *The False Promise of International Institutions*, already emphasized the weakest points regarding international institutions. For powerful countries, international institutions have small effects, and they have limited impact on their behavior. (Mearsheimer, 1994). Thus, as a powerful country, you will always try to avoid from time to time compliance with international law in order to protect your interests. And the South China Sea evolution of events is not an exception from this point of view.

## 7. Conclusion

The purpose of the current study is to evaluate the state of China-US relations in the South China Sea. In other words, I want to find the reasons that make their relations problematic and unstable in this particular region. It can be said that nowadays the kind of engagement between China and the US in the South China Sea, has the potential to reconfigure the region and influence other actors within the region. Also, it can be stated that to some extent their relations are in a controlled phase, where minor conflicts often occur but without escalating in a large scale confrontation. In this regard, it has also highlighted the importance of their mutual interests which finally can prevail over the South China Sea issue. At the same time, the sensitiveness represented by the South China Sea issue leaves an open door for any kind of development regarding China-US relations.

Firstly, in the current study several factors that are currently staying in front of the developing of a constructive and positive relation between China and the US in the South China Sea, were found. Among them, the perception gap already created a level of distrust between China and the US, which plays an extremely important role in their tense relations. At the base of their perception gap stays the concept of sovereignty understood in different ways by China and the United States. The United States emphasizes that China has no legal rights over the entire area included in the nine-dash line in accordance to the UNCLOS principles, while China states that UNCLOS has no jurisdiction regarding the South China Sea disputes, and the settlement of these disputes should be provided by bilateral negotiations between parties involved in the disputes. Moreover, China has already highlighted the fact that the United States has no right to interfere in any way in the South China Sea disputes, accusing the US even of hypocrisy regarding its role in these disputes. Thus, these antagonistic perceptions represent an impediment in the development of a constructive relation between China and the US in the South China Sea. More important, this perception gap is the cause of several conflicts that occurred between them. In this regard, mutual trust is a necessary instrument in providing cooperation and smooth running of their engagement in the South China Sea.

Secondly, China's increasing power and assertiveness in the South China Sea could be understood by appealing to neorealist understandings, a theory that is at the base of our current study. As such, China's increasing power and assertiveness is perceived as a response to the US position and role in the Asia-Pacific region. Some Chinese scholars consider that the US tries to discourage China's intentions regionally and globally. Thus, China's

increasing power is seen as a tool to counterbalance and put under question the US position in the Asia-Pacific region, which in turn has created a security dilemma among neighbors of China in South-East Asia. These countries accept tacitly the US involvement in the South China Sea in order to bring once again balance of power in the region. The rebalancing strategy promoted by the US in the Asia-Pacific region has made China to look at the US once again with suspicion. This rebalancing strategy along with China's increasing power are fueling even more the precarious relationship between them in the South China Sea.

Thirdly, the US and China interests in the South China Sea include many differences. The current study shows that conflicting interests are prevailing over the mutual interests in the South China Sea. A significant distinction is represented by China's will to improve its position in the region, while the US wants to maintain the current status-quo. This discrepancy is another barrier in the development of mutual trust and productive engagements between China and the US in the South China Sea.

Under such conditions, the current study found difficult to see any chances of cooperation between China and the US in the South China Sea. Moreover, it finds difficult to see one of the countries putting a step back regarding their interests and ambitions. The current state of China-US relations is a place where minor incidents will continue to exist. China has to show to its people and to the world, that when the national interests and territorial integrity are a subject of dispute, it will never put a step back. At the same time, the US has to defend its position in the Asia-Pacific and reassure its partners from the region. No less important is that the US does not want the South China Sea issue to become a model for future Chinese ambitions and aspirations. In this regard, it is more probable to see China and the US to flex their muscles in the South China Sea, instead of putting a step back. In this sense, both countries are risking to some extent, but not enough to put them in a direct confrontation with the other.

At this point, China can maintain what it has gained so far while impeding others to control any other territories in the area included in the nine-dash line. At the same time, the US has a comfortable position because China's domination over the South China Sea is far from materializing. In the South China Sea, we are witnesses to a series of events that can perpetuate infinitely if their positions and interests will remain the same. All of these characteristics make China-US relations in the South China Sea unstable and problematic nowadays, with China and the US being skeptical and suspicious about each other. The South China Sea represents a region where a major conflict can explode anytime, if one of the actors gets too audacious.

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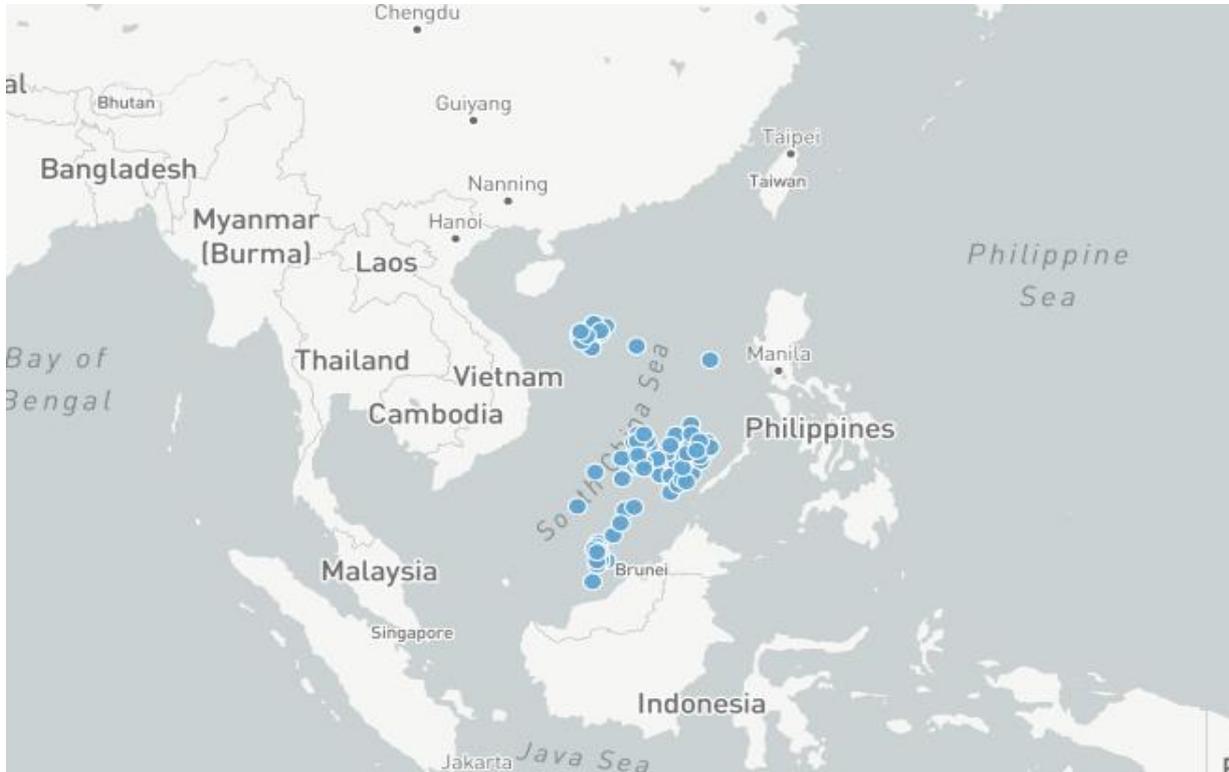
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# Appendix

## Appendix A: Unoccupied features in the South China Sea

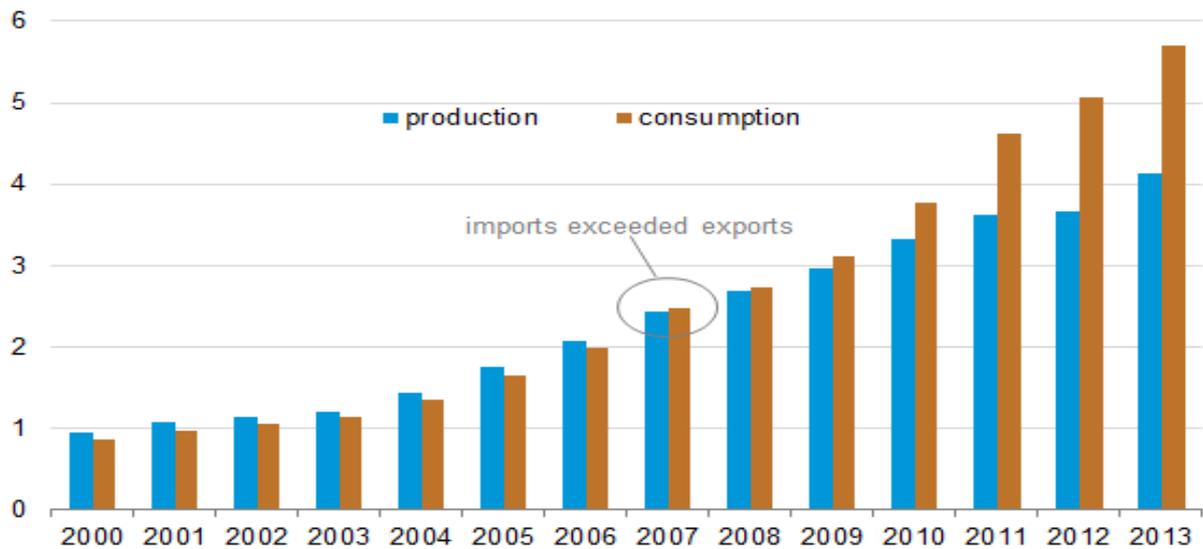


Source: Asia Maritime Transparency Index, 2014

## Appendix B: China's natural gas production and consumption in trillion cubic feet (2000-2013)

### China's natural gas production and consumption, 2000-2013

trillion cubic feet



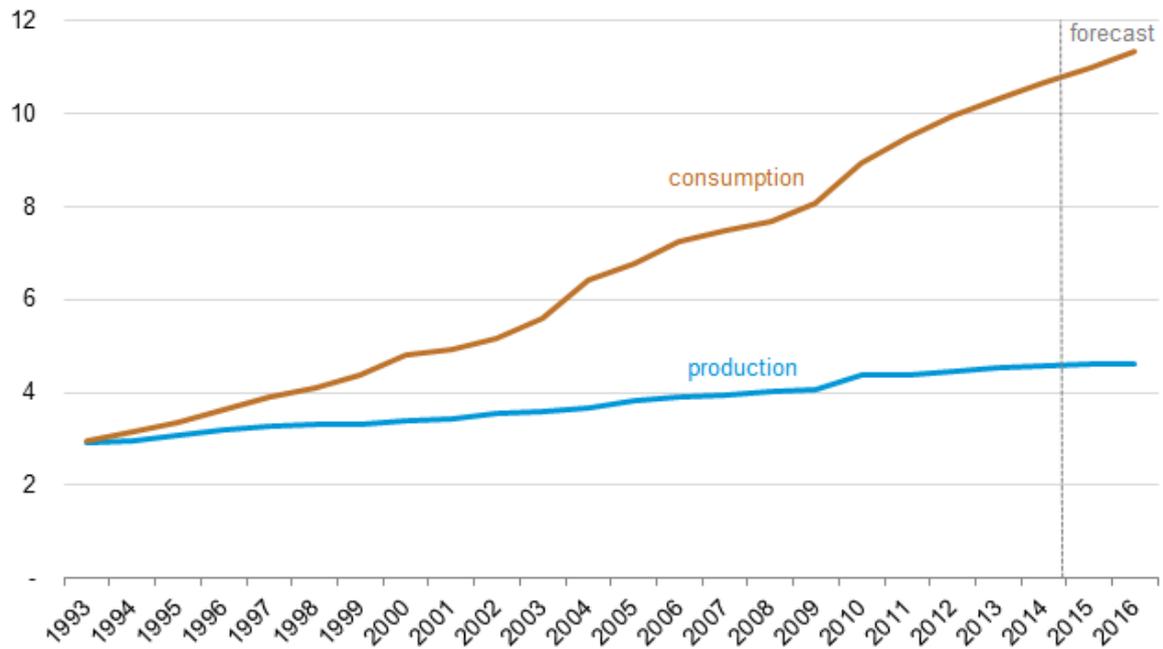
Source: U.S. Energy Information Administration, *International Energy Statistics*

Source: U.S. Energy Information Administration, 2015

**Appendix C:** China's oil production and consumption in million barrels per day (1993-2016)

**China's oil production and consumption, 1993-2016**

million barrels per day



Source: Energy Information Administration and *Short-Term Energy Outlook*, May 2015

Source: U.S. Energy Information Administration, 2015

**Appendix D:** Trade Routes and Straits in the Indo-Pacific region



Source: Asia Maritime Transparency Index, 2014